

EXHIBIT F

RESIDENTIAL ACCREDIT LOANS, INC.,

Company,

RESIDENTIAL FUNDING CORPORATION,

Master Servicer,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

Trustee

SERIES SUPPLEMENT,

Dated as of April 1, 2006,

TO

**STANDARD TERMS OF
POOLING AND SERVICING AGREEMENT
dated as of March 1, 2006**

Mortgage Asset-Backed Pass-Through Certificates

Series 2006-QO4

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EXHIBITS

Exhibit One: Mortgage Loan Schedule

Exhibit Two: Information to be Included in Monthly Distribution Date Statement

Exhibit Three: Standard Terms of Pooling and Servicing Agreement, dated as of March 1,
2006

Exhibit Four: Certificate Policy of XL Capital Assurance Inc.

This is a Series Supplement, dated as of April 1, 2006 (the "Series Supplement"), to the Standard Terms of Pooling and Servicing Agreement, dated as of March 1, 2006 and attached as Exhibit Four hereto (the "Standard Terms" and, together with this Series Supplement, the "Pooling and Servicing Agreement" or "Agreement"), among RESIDENTIAL ACCREDIT LOANS, INC., as the company (together with its permitted successors and assigns, the "Company"), RESIDENTIAL FUNDING CORPORATION, as master servicer (together with its permitted successors and assigns, the "Master Servicer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee (together with its permitted successors and assigns, the "Trustee").

PRELIMINARY STATEMENT:

The Company intends to sell mortgage asset-backed pass-through certificates (collectively, the "Certificates"), to be issued hereunder in multiple classes, which in the aggregate will evidence the entire beneficial ownership interest in the Mortgage Loans.

The terms and provisions of the Standard Terms are hereby incorporated by reference herein as though set forth in full herein. If any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Standard Terms, the terms and provisions of this Series Supplement shall govern. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Standard Terms. The Pooling and Servicing Agreement shall be dated as of the date of this Series Supplement.

REMIC I

As provided herein, the REMIC Administrator will make an election to treat the segregated pool of assets consisting of the Mortgage Loans and certain other related assets subject to this Agreement (but excluding the Basis Risk Shortfall Reserve Fund) as a real estate mortgage investment conduit (a "REMIC") for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC I." The Class R-I Certificates will represent the sole Class of "residual interests" in REMIC I for purposes of the REMIC Provisions (as defined herein) under federal income tax law. The following table irrevocably sets forth the designation, remittance rate (the "Uncertificated REMIC I Pass-Through Rate") and initial Uncertificated Principal Balance for each of the "regular interests" in REMIC I (the "REMIC I Regular Interests"). The "latest possible maturity date" (determined solely for purposes of satisfying Treasury regulation Section 1.860G-1(a)(4)(iii)) for each REMIC I Regular Interest shall be the Maturity Date. None of the REMIC I Regular Interests will be certificated.

<u>Designation</u>	<u>Uncertificated REMIC I Pass-Through Rate</u>	<u>Initial Uncertificated Principal Balance</u>	<u>Latest Possible Maturity Date</u>
Y-1	Variable ⁽¹⁾	\$222,388.34	April 25, 2046
Y-2	Variable ⁽¹⁾	\$202,619.47	April 25, 2046
Z-1	Variable ⁽¹⁾	\$444,554,285.66	April 25, 2046
Z-2	Variable ⁽¹⁾	\$405,047,988.53	April 25, 2046

(1) Calculated in accordance with the definition of "Uncertificated REMIC I Pass Through Rate" herein.

REMIC II

As provided herein, the REMIC Administrator will make an election to treat the segregated pool of assets consisting of the REMIC I Regular Interests and certain other related assets subject to this Agreement as a real estate mortgage investment conduit (a "REMIC") for federal income tax purposes, and such segregated pool of assets will be designated as "REMIC II." The Class R-II Certificates will represent the sole Class of "residual interests" in REMIC II for purposes of the REMIC Provisions (as defined herein) under federal income tax law. The following table irrevocably sets forth the designation, remittance rate (the "Uncertificated REMIC II Pass-Through Rate") and initial Uncertificated Principal Balance for each of the "regular interests" in REMIC II (the "REMIC II Regular Interests"). The "latest possible maturity date" (determined solely for purposes of satisfying Treasury regulation Section 1.860G-1(a)(4)(iii)) for each REMIC II Regular Interest shall be the Maturity Date. None of the REMIC II Regular Interests will be certificated.

Designation	Uncertificated REMIC I Pass-Through Rate	Initial Uncertificated REMIC I Principal Balance	Latest Possible Maturity Date⁽³⁾
LT1	Variable ⁽¹⁾	\$489,983,363.36	April 25, 2046
LT2	Variable ⁽¹⁾	\$23,519.75	April 25, 2046
LT3	0.00%	\$25,508.28	April 25, 2046
LT4	Variable ⁽¹⁾	\$25,508.28	April 25, 2046
LT5	Variable ⁽¹⁾	\$411,223,498.79	April 25, 2046
LT6	Variable ⁽¹⁾	\$20,100.41	April 25, 2046
LT7	0.00%	\$21,048.42	April 25, 2046
LT8	Variable ⁽¹⁾	\$21,048.42	April 25, 2046
LT-Y1 ⁽²⁾	Variable ⁽¹⁾	\$222,388.34	April 25, 2046
LT-Y2 ⁽²⁾	Variable ⁽¹⁾	\$202,619.47	April 25, 2046

(1) Calculated as provided in the definition of Uncertificated REMIC II Pass-Through Rate.

(2) LT-Y1 will have the same interest rate, principal balance, Principal Reduction Amount and allocation of Realized Losses as the REMIC I Regular Interest Y-1. LT-Y2 will have the same interest rate, principal balance, Principal Reduction Amount and allocation of Realized Losses as the REMIC I Regular Interest Y-2.

REMIC III

As provided herein, the REMIC Administrator will elect to treat the segregated pool of assets consisting of the REMIC II Regular Interests as a REMIC for federal income tax purposes, and such segregated pool of assets will be designated as REMIC III. The Class R-III Certificates will represent the sole Class of "residual interests" in REMIC III for purposes of the REMIC Provisions under federal income tax law. The following table sets forth the designation, type, Pass-Through Rate, aggregate Initial Certificate Principal Balance, Maturity Date, initial ratings and certain features for each Class of Certificates comprising the interests in the Trust Fund created hereunder. The "latest possible maturity date" (determined solely for purposes of satisfying Treasury Regulation Section 1.860G-1(a)(4)(iii)) for each Class of REMIC III Regular Interests and the Certificates shall be the Maturity Date.

Designation	Pass-Through Rate	Aggregate Initial Certificate Principal Balance	Features	Maturity Date	S&P/Moody's	Minimum Denominations
Class I-A-1	Adjustable Rate(1)(2)	\$327,356,000.00	Super Senior/ Adjustable Rate	April 25, 2046	AAA/Aaa	\$100,000.00
Class I-A-2	Adjustable Rate(1)(2)	\$81,838,000.00	Senior Mezzanine/ Adjustable Rate	April 25, 2046	AAA/Aaa	\$100,000.00
Class II-A-1	Adjustable Rate(1)(2)	\$223,699,000.00	Super Senior/ Adjustable Rate	April 25, 2046	AAA/Aaa	\$100,000.00
Class II-A-2	Adjustable Rate(1)(2)	\$93,208,000.00	Senior Mezzanine/ Adjustable Rate	April 25, 2046	AAA/Aaa	\$100,000.00
Class II-A-3	Adjustable Rate(1)(2)	\$55,924,000.00	Senior Mezzanine/ Adjustable Rate	April 25, 2046	AAA/Aaa	\$100,000.00
Class M-1	Adjustable Rate(1)(2)	\$19,126,000.00	Mezzanine/Adjustable Rate	April 25, 2046	AA+/Aa1	\$100,000.00
Class M-2	Adjustable Rate(1)(2)	\$8,075,000.00	Mezzanine/Adjustable Rate	April 25, 2046	AA/Aa2	\$100,000.00
Class M-3	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	AA/Aa2	\$100,000.00
Class M-4	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	AA-/Aa3	\$100,000.00
Class M-5	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	A+/A1	\$250,000.00
Class M-6	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	A+/A2	\$250,000.00
Class M-7	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	A/A3	\$250,000.00
Class M-8	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	BBB+/Baa1	\$250,000.00
Class M-9	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	BBB/Baa2	\$250,000.00
Class M-10	Adjustable Rate(1)(2)	\$4,250,000.00	Mezzanine/Adjustable Rate	April 25, 2046	BBB-/Ba1	\$250,000.00
Class SB ⁽³⁾	(3)	\$6,801,282.71	Subordinate	April 25, 2046	N/R	N/A

(1) The REMIC III Regular Interests, ownership of which is represented by the Class I-A, Class II-A and Class M Certificates, will accrue interest at a per annum rate equal to MTA plus the related Margin or LIBOR plus the related Margin, as the case may be, and each subject to a payment cap, as described in the definition of "Pass-Through Rate," and the provisions for the payment of Basis Risk Shortfalls herein, which payments will not be part of the entitlement of the REMIC III Regular Interests related to such Certificates.

(2) The Class A Certificates and Class M Certificates will also entitle their holders to receive certain payments from the Holder of the Class SB Certificates from amounts to which the Holder of the Class SB Certificates is entitled, which will not be a part of their ownership of the related REMIC III Regular Interests.

(3) The Class SB Certificates will accrue interest as described in the definition of Accrued Certificate Interest. The Class SB Certificates will not accrue interest on their Certificate Principal Balance. The Class SB Certificates will represent ownership of two REMIC III Regular Interests, a principal only regular interest designated REMIC III Regular Interest SB-PO and an interest only regular interest designated REMIC III Regular Interest SB-IO, which will be entitled to distributions as set forth herein.

The Group I Loans have an aggregate Cut-off Date Principal Balance equal to \$444,776,674.36. The Group I Loans are payment-option adjustable-rate first lien mortgage loans with a negative amortization feature having terms to maturity at origination or modification of generally not more than 40 years. The Group II Loans have an aggregate Cut-off Date Principal Balance equal to \$405,250,608.35. The Group II Loans are payment option adjustable rate first lien mortgage loans with a negative amortization feature having terms to maturity at origination or modification of generally not more than 40 years.

In consideration of the mutual agreements herein contained, the Company, the Master Servicer and the Trustee agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the meanings specified in this Article.

Accrued Certificate Interest: With respect to each Distribution Date and each Class of Class A Certificates and Class M Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance thereof immediately prior to such Distribution Date at the Pass-Through Rate for that Distribution Date.

The amount of Accrued Certificate Interest on each Class of Certificates shall be reduced by the amount of Prepayment Interest Shortfalls on the related Mortgage Loans during the prior calendar month to the extent not covered by Compensating Interest pursuant to Section 3.16, by Relief Act Shortfalls on the related Mortgage Loans during the related Due Period, and by any Net Deferred Interest on the related Mortgage Loans allocable to such Class of Certificates for that Distribution Date. The portion of any Prepayment Interest Shortfalls or Relief Act Shortfalls allocated to the Class A Certificates will be based upon the related Senior Percentage of all such reductions with respect to the related Mortgage Loans, such reductions to be allocated among the related Class A Certificates, pro rata, on the basis of Accrued Certificate Interest payable on such Distribution Date absent such reductions, with the remainder of such reductions allocated among the Holders of all Classes of Class M Certificates, pro rata, on the basis of Accrued Certificate Interest payable on such Distribution Date absent such reductions. Net Deferred Interest will be allocated to each Class of Certificates as described in Section 4.02(i).

Accrued Certificate Interest with respect for any Distribution Date shall further be reduced by the interest portion of Realized Losses allocated to any Class of Certificates pursuant to Section 4.05.

Accrued Certificate Interest with respect to the Class I-A Certificates shall accrue on the basis of a 360-day year divided into twelve 30-day months. Accrued Certificate Interest with respect to the Class II-A Certificates and Class M Certificates shall accrue on the basis of a 360-day year and the actual number of days in the related Interest Accrual Period.

With respect to each Distribution Date and the Class SB Certificates, interest accrued during the preceding Interest Accrual Period at the related Pass-Through Rate on the Notional Amount as specified in the definition of Pass-Through Rate, immediately prior to such Distribution Date, reduced by any interest shortfalls with respect to the Mortgage Loans, including Prepayment Interest Shortfalls to the extent not covered by Compensating Interest pursuant to Section 3.16 or by Excess Cash Flow pursuant to Section 4.02(c)(iii) and (iv). Accrued Certificate Interest on the Class SB Certificates shall accrue on the basis of a 360-day year and the actual number of days in the related Interest Accrual Period.

Adjusted Rate Cap: For the Class I-A-1 Certificates and Class I-A-2 Certificates, the Adjusted Rate Cap shall equal the related Net WAC Cap Rate for that Distribution Date,

computed for this purpose by first reducing the Group I Net WAC Rate by a per annum rate equal to (i) the product of (a) the Net Deferred Interest, if any, on the Group I Loans for that Distribution Date and (b) 12, divided by (ii) the aggregate Stated Principal Balance of the Group I Loans immediately prior to such Distribution Date.

For the Class II-A-1, Class II-A-2 and Class II-A-3 Certificates, the Adjusted Rate Cap shall equal the related Net WAC Cap Rate for that Distribution Date, computed for this purpose by first reducing the Group II Net WAC Rate by a per annum rate equal to (i) the product of (a) the Net Deferred Interest, if any, on the Group II Loans for that Distribution Date and (b) 12, divided by (ii) the aggregate Stated Principal Balance of the Group II Loans immediately prior to such Distribution Date.

For the Class M Certificates, the Adjusted Rate Cap shall equal the related Net WAC Cap Rate for that Distribution Date, computed for this purpose by first reducing each of the Group I Net WAC Rate and Group II Net WAC Rate by a per annum rate equal to (i) the product of (a) the Net Deferred Interest, if any, on the related Mortgage Loans for that Distribution Date and (b) 12, divided by (ii) the aggregate Stated Principal Balance of the related Mortgage Loans immediately prior to such Distribution Date.

Adjustment Date: With respect to each Mortgage Loan, each date set forth in the related Mortgage Note on which an adjustment to the interest rate on such Mortgage Loan becomes effective.

Available Distribution Amount: As to any Distribution Date, and as calculated in the aggregate for both Loan Groups, an amount equal to (a) the sum of (i) the amount relating to the Mortgage Loans on deposit in the Custodial Account as of the close of business on the immediately preceding Determination Date, including any Subsequent Recoveries, and amounts deposited in the Custodial Account in connection with the substitution of Qualified Substitute Mortgage Loans, (ii) the amount of any Advance made on the immediately preceding Certificate Account Deposit Date, (iii) any amount deposited in the Certificate Account on the related Certificate Account Deposit Date pursuant to the second paragraph of Section 3.12(a), (iv) any amount deposited in the Certificate Account pursuant to Section 4.07 or Section 9.01, (v) any amount that the Master Servicer is not permitted to withdraw from the Custodial Account or the Certificate Account pursuant to Section 3.16(e), (vi) the proceeds of any Pledged Assets received by the Master Servicer, reduced by (b) the sum as of the close of business on the immediately preceding Determination Date of (v) any payments or collections consisting of Prepayment Charges on the Mortgage Loans that were received during the related Prepayment Period; (w) aggregate Foreclosure Profits, (x) the Amount Held for Future Distribution, (y) amounts permitted to be withdrawn by the Master Servicer from the Custodial Account in respect of the Mortgage Loans pursuant to clauses (ii)-(x), inclusive, of Section 3.10(a) and (z) Insurer Premium payable.

Avoided Payment: Any amount previously distributed to a Certificateholder on an Insured Certificate that is voided as a result of an Insolvency Proceeding and which is returned by a Holder of an Insured Certificate as required by a final, nonappealable order of a court of competent jurisdiction.

Basis Risk Shortfall:

- With respect to the Class I-A-1 Certificates and Class I-A-2 Certificates and any Distribution Date on which the Pass-Through Rate is based on the Net WAC Cap Rate, an amount equal to the excess of (i) Accrued Certificate Interest for that Class calculated at a rate equal to MTA plus the related Margin (but not more than the Net Maximum Cap Rate), over (ii) Accrued Certificate Interest for that Class calculated using the related Net WAC Cap Rate; plus any unpaid Basis Risk Shortfall from prior Distribution Dates, plus interest thereon to the extent not previously paid from Excess Cash Flow calculated at a rate equal to MTA plus the related Margin (but not more than the Net Maximum Cap Rate).
- With respect to the Class II-A-1, Class II-A-2 or Class II-A-3 Certificates and any Distribution Date on which the Pass-Through Rate is based on the Net WAC Cap Rate, an amount equal to the excess of (i) Accrued Certificate Interest for that Class calculated at a rate equal to LIBOR plus the related Margin (but not more than 11.00%), over (ii) Accrued Certificate Interest for that Class calculated using the related Net WAC Cap Rate; plus any unpaid related Basis Risk Shortfall from prior Distribution Dates, plus interest thereon to the extent not previously paid from Excess Cash Flow calculated at a rate equal to LIBOR plus the related Margin (but not more than 11.00%).
- With respect to any Class of Class M Certificates and any Distribution Date on which the Pass-Through Rate is based on the Net WAC Cap Rate, an amount equal to the excess of (i) Accrued Certificate Interest for that Class calculated at a rate equal to LIBOR plus the related Margin (but not more than 11.00%), over (ii) Accrued Certificate Interest calculated using the Net WAC Cap Rate for the Class M Certificates; plus any unpaid Basis Risk Shortfall for the Class M Certificates from prior Distribution Dates, plus interest thereon, to the extent not previously paid from Excess Cash Flow, at a rate equal to LIBOR plus the related Margin (but not more than 11.00%).

Basis Risk Shortfall Reserve Fund: The reserve fund created pursuant to Section 4.09.

Basis Risk Shortfall Reserve Fund Amount: \$860,000.00.

Book-Entry Certificate: The Class A Certificates and Class M Certificates.

Capitalization Reimbursement Amount: As to any Distribution Date and Loan Group, the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of the Mortgage Loans in such Loan Group during the prior calendar month and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date pursuant to Section 3.10(a)(vii), plus the Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior Distribution Date and reimbursed to the Master Servicer or Subservicer on or prior to such Distribution Date.

Capitalization Reimbursement Shortfall Amount: As to any Distribution Date and Loan Group, the amount, if any, by which the amount of Advances or Servicing Advances that were added to the Stated Principal Balance of the Mortgage Loans in such Loan Group during the preceding calendar month exceeds the amount of principal payments on the Mortgage Loans included in the portion of the Available Distribution Amount related to that Loan Group and Distribution Date.

Certificate: Any Class A, Class M, Class SB or Class R Certificate.

Certificate Account: The separate account or accounts created and maintained pursuant to Section 4.01 of the Standard Terms, which shall be entitled "DEUTSCHE BANK TRUST COMPANY AMERICAS, as trustee, in trust for the registered holders of Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QO4" and which must be an Eligible Account.

Certificate Insurance Account: The account established pursuant to Section 13.02(b) of this Series Supplement.

Certificate Insurance Payment: Any payment made by the Certificate Insurer with respect to the Insured Certificates under the Certificate Policy.

Certificate Insurer: XL Capital Assurance Inc., a stock insurance company organized and created under the laws of the State of New York, and any successors thereto, as issuer of the Certificate Policy.

Certificate Insurer Default: The existence of a failure by the Certificate Insurer to make a payment required under the Certificate Policy in accordance with its terms and the continuance of such failure for two Business Days.

Certificate Policy: The financial guaranty insurance policy No. CA02956A issued by the Certificate Insurer for the benefit of the Holders of the Insured Certificates, including any endorsements thereto, attached hereto as Exhibit Four.

Certificate Principal Balance: With respect to any Class A Certificate or Class M Certificate, on any date of determination, an amount equal to (i) the Initial Certificate Principal Balance of such Certificate as specified on the face thereof plus (ii) an amount equal to the aggregate Net Deferred Interest added to the Certificate Principal Balance thereof prior to such date of determination, minus (iii) the sum of (x) the aggregate of all amounts previously distributed with respect to such Certificate (or any predecessor Certificate) and applied to reduce the Certificate Principal Balance thereof pursuant to Section 4.02(c) and (y), the aggregate of all reductions in Certificate Principal Balance deemed to have occurred in connection with Realized Losses which were previously allocated to such Certificate (or any predecessor Certificate) pursuant to Section 4.05; provided, that with respect to any Distribution Date, the Certificate Principal Balances of (i) the Class I-A or Class M Certificates will be increased, in each case to the extent of Realized Losses previously allocated thereto and remaining unreimbursed, by the Subsequent Recovery Allocation Amount for Loan Group I in the following order of priority: first to the Class I-A Certificates, pro rata, and then to the Class M-1, Class M-2, Class M-3,

Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates, in that order and (ii) the Class II-A or Class M Certificates will be increased, in each case to the extent of Realized Losses previously allocated thereto and remaining unreimbursed, by the Subsequent Recovery Allocation Amount for Loan Group II in the following order of priority: to the Class II-A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates, in that order. With respect to any Class SB Certificate, on any date of determination, an amount equal to the Percentage Interest evidenced by such Certificate, multiplied by an amount equal to (i) the excess, if any, of (A) the then aggregate Stated Principal Balance of the Mortgage Loans over (B) the then aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates then outstanding, which represents the sum of (i) the Initial Principal Balance of the REMIC III Regular Interest SB-PO, as reduced by Realized Losses allocated thereto and payments deemed made thereon, and (ii) accrued and unpaid interest on the REMIC III Regular Interest SB-IO, as reduced by Realized Losses allocated thereto. The Class R Certificates will not have a Certificate Principal Balance.

Class I-A-1 Certificate: The Class I-A-1 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit A, senior to the Class I-A-2 Certificates, Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses in respect of Group I Loans as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class I-A-1 Margin: With respect to any Distribution Date, 0.920% per annum.

Class I-A-2 Certificate: The Class I-A-2 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit A, senior to the Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses in respect of Group I Loans as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class I-A-2 Margin: With respect to any Distribution Date, 0.930% per annum.

Class I-A Certificates: Collectively, the Class I-A-1 Certificates and Class I-A-2 Certificates.

Class I-A Interest Remittance Amount: With respect to any Distribution Date, the portion of the Available Distribution Amount for that Distribution Date attributable to interest received or advanced with respect to the Group I Loans.

Class II-A-1 Certificate: The Class II-A-1 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit A, senior to the Class II-A-2 Certificates, Class II-A-3 Certificates, Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses in respect of Group II Loans as set forth in Section 4.05, and evidencing (i) an interest

designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class II-A-1 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.190% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.380% per annum.

Class II-A-2 Certificate: The Class II-A-2 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit A, senior to the Class II-A-3 Certificates, Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses in respect of Group II Loans as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class II-A-2 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.240% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.480% per annum.

Class II-A-3 Certificate: The Class II-A-3 Certificates, executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit A, senior to the Class M Certificates, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses in respect of Group II Loans as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class II-A-3 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.210% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.420% per annum.

Class II-A Certificates: Collectively, the Class II-A-1 Certificates, Class II-A-2 Certificates and Class II-A-3 Certificates.

Class II-A Interest Remittance Amount: With respect to any Distribution Date, the portion of the Available Distribution Amount for that Distribution Date attributable to interest received or advanced with respect to the Group II Loans.

Class A Certificates: Collectively, the Class I-A Certificates and Class II-A Certificates.

Class A Interest Distribution Priority: With respect to each Class of Class A Certificates and any Distribution Date, the amount available for payment of Accrued Certificate Interest thereon for that Distribution Date plus Accrued Certificate Interest thereon remaining unpaid from any prior Distribution Date, in the amounts and priority as follows:

- *first*, concurrently, (i) to the Class I-A Certificates, pro rata, from the Class I-A Interest Remittance Amount and (ii) to the Class II-A Certificates, pro rata, from the Class II-A Interest Remittance Amount;
- *second*, concurrently, (i) to the Class I-A Certificates, pro rata, from the remaining Class II-A Interest Remittance Amount and (ii) to the Class II-A Certificates, pro rata, from the remaining Class I-A Interest Remittance Amount, as needed after taking into account any distributions in respect of interest on the Class A Certificates made in *first* above;
- *third*, concurrently, (i) from the Principal Remittance Amount related to Loan Group I to the Class I-A Certificates, pro rata, and (ii) from the Principal Remittance Amount related to Loan Group II to the Class II-A Certificates, pro rata, after taking into account any distributions in respect of interest on the Class A Certificates made in *first* and *second* above; and
- *fourth*, concurrently, (i) from the remaining Principal Remittance Amount related to Loan Group II to the Class I-A Certificates, pro rata, and (ii) from the remaining Principal Remittance Amount related to Loan Group I to the Class II-A Certificates, pro rata, as needed after taking into account any distributions in respect of interest on the Class A Certificates made in *first*, *second* and *third* above.

Class A Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the Principal Distribution Amount for that Distribution Date or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

- (i) the Principal Distribution Amount for that Distribution Date; and
- (ii) the excess, if any, of (A) the aggregate Certificate Principal Balance of the Class A Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-1 Certificate: Any one of the Class M-1 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit B, senior to the Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class SB and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i)

an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-1 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.380% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.570% per annum.

Class M-1 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates (after taking into account the payment of the Class A Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-1 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-2 Certificate: Any one of the Class M-2 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit B, senior to the Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class SB and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-2 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.400% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.600% per annum.

Class M-2 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount and Class M-1 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A Certificates and Class M-1 Certificates (after taking into account the payment of the Class A Principal Distribution Amount and the Class M-1 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-2 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-3 Certificate: Any one of the Class M-3 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-3 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.420% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.630% per annum.

Class M-3 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount and Class M-2 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1 and Class M-2 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount and the Class M-2 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-3 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate

Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-4 Certificate: Any one of the Class M-4 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-5, Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-4 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.580% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.870% per annum.

Class M-4 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount and Class M-3 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2 and Class M-3 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount and the Class M-3 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-4 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-5 Certificate: Any one of the Class M-5 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-6, Class M-7, Class M-8, Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-5 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.600% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.900% per annum.

Class M-5 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount and Class M-4 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3 and Class M-4 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount and the Class M-4 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-5 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-6 Certificate: Any one of the Class M-6 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-7, Class M-8, Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-6 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 0.640% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 0.960% per annum.

Class M-6 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution

Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

- (i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount and Class M-5 Principal Distribution Amount; and
- (ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4 and Class M-5 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, the Class M-1 Principal Distribution Amount, the Class M-2 Principal Distribution Amount, the Class M-3 Principal Distribution Amount, the Class M-4 Principal Distribution Amount and the Class M-5 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-6 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-7 Certificate: Any one of the Class M-7 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-8, Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-7 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.490% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.235% per annum.

Class M-7 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

- (i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution

Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5 and Class M-6 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount and Class M-6 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-7 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-8 Certificate: Any one of the Class M-8 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-9, Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-8 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.690% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.535% per annum.

Class M-8 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6 and Class M-7 Certificates (after taking into account the payment of the Class A Principal

Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount and Class M-7 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-8 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-9 Certificate: Any one of the Class M-9 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class M-10, Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-9 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.750% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.625% per annum.

Class M-9 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount and Class M-8 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount and Class M-8 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7 and Class M-8 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount and Class M-8 Principal

Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-9 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M-10 Certificate: Any one of the Class M-10 Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit B, senior to the Class SB Certificates and Class R Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing (i) an interest designated as a “regular interest” in REMIC III for purposes of the REMIC Provisions and (ii) the right to receive Basis Risk Shortfalls.

Class M-10 Margin: With respect to any Distribution Date prior to the second Distribution Date after the first possible Optional Termination Date, 1.750% per annum, and on any Distribution Date on or after the second Distribution Date after the first possible Optional Termination Date, 2.625% per annum.

Class M-10 Principal Distribution Amount: With respect to any Distribution Date (i) prior to the Stepdown Date or on or after the Stepdown Date if a Trigger Event is in effect for that Distribution Date, the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount, Class M-8 Principal Distribution Amount and Class M-9 Principal Distribution Amount or (ii) on or after the Stepdown Date if a Trigger Event is not in effect for that Distribution Date, the lesser of:

(i) the remaining Principal Distribution Amount for that Distribution Date after distribution of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount, Class M-8 Principal Distribution Amount and Class M-9 Principal Distribution Amount; and

(ii) the excess, if any, of (A) the sum of (1) the aggregate Certificate Principal Balance of the Class A, Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8 and Class M-9 Certificates (after taking into account the payment of the Class A Principal Distribution Amount, Class M-1 Principal Distribution Amount, Class M-2 Principal Distribution Amount, Class M-3 Principal Distribution Amount, Class M-4 Principal Distribution Amount, Class M-5 Principal Distribution Amount, Class M-6 Principal Distribution Amount, Class M-7 Principal Distribution Amount, Class M-8 Principal Distribution Amount and Class M-9 Principal Distribution Amount for that Distribution Date) and (2) the Certificate Principal Balance of the Class M-10 Certificates immediately prior to that Distribution Date over (B) the lesser of (x) the product of (1) the applicable Subordination

Percentage and (2) the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date and (y) the excess, if any, of the aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date, over the Overcollateralization Floor.

Class M Certificates: Collectively, the Class M-1, Class M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10 Certificates.

Class R Certificate: Any one of the Class R-I, Class R-II or Class R-III Certificates.

Class R-I Certificate: Any one of the Class R-I Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit D and evidencing an interest designated as a “residual interest” in REMIC I for purposes of the REMIC Provisions.

Class R-II Certificate: Any one of the Class R-II Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit D and evidencing an interest designated as a “residual interest” in REMIC II for purposes of the REMIC Provisions.

Class R-III Certificate: Any one of the Class R-III Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed to the Standard Terms as Exhibit D and evidencing an interest designated as a “residual interest” in REMIC III for purposes of the REMIC Provisions.

Class SB Certificate: Any one of the Class SB Certificates executed by the Trustee and authenticated by the Certificate Registrar substantially in the form annexed hereto as Exhibit R, subordinate to the Class A Certificates and Class M Certificates with respect to distributions and the allocation of Realized Losses as set forth in Section 4.05, and evidencing ownership of REMIC III Regular Interests SB-IO and SB-PO designated as “regular interests” in REMIC III for purposes of the REMIC Provisions, together with certain obligations with respect to payments of Basis Risk Shortfall amounts.

Closing Date: April 27, 2006.

Corporate Trust Office: The principal office of the Trustee at which at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this instrument is located at 1761 East St. Andrew Place, Santa Ana, California 92705-4934, Attention: Residential Funding Corporation, RALI 2006-QO4.

Cumulative Insurance Payments: For any Distribution Date, the aggregate of all Certificate Insurance Payments previously made by the Certificate Insurer under the Certificate Policy minus the aggregate of all payments previously made to the Certificate Insurer pursuant to Sections 4.02(c)(i)(B) and 4.02(c)(ii) of this Series Supplement as reimbursement for Certificate Insurance Payments, together with interest thereon at the Late Payment Rate from the date the Trustee received such amounts paid by the Certificate Insurer to such Distribution Date.

Cut-off Date Principal Balance: \$850,027,282.71.

Cut-off Date: April 1, 2006.

Deferred Interest: The amount of interest which is deferred and added to the principal balance of a Mortgage Loan due to negative amortization.

Deficiency Amount: With respect to the Class I-A-2 Certificates and Class II-A-3 Certificates, as the case may be, (a) for any Distribution Date prior to the Final Maturity Date, the sum of (1) the excess, if any, of the Accrued Certificate Interest on the Certificates of such Class for such Distribution Date, net of any Prepayment Interest Shortfalls, Relief Act Shortfalls, Basis Risk Shortfalls and Net Deferred Interest, over the Available Distribution Amount from either Loan Group allocated to pay such net amount on the Certificates of such Class on such Distribution Date and (2) the amount, if any, of any Realized Losses allocable to the Class I-A-2 or Class II-A-3 Certificates, as the case may be, on such Distribution Date and (b) for the Final Maturity Date, the sum of (x) the amount set forth in clause (a)(1) above for the Class I-A-2 or Class II-A-3 Certificates, as the case may be, and (y) the outstanding Certificate Principal Balance of such Class of Certificates, after giving effect to all payments of principal on the such Class of Certificates on such Final Maturity Date, other than pursuant to a claim on this Policy on that Distribution Date.

Determination Date: With respect to any Distribution Date, the second Business Day prior to each Distribution Date.

Discount Net Mortgage Rate: Not applicable.

Due Period: With respect to each Distribution Date, the calendar month in which such Distribution Date occurs.

Excess Bankruptcy Loss: Not applicable.

Excess Cash Flow: With respect to any Distribution Date, an amount equal to the sum of (A) the excess of (i) the Available Distribution Amount for that Distribution Date over (ii) the sum of (a) the Interest Distribution Amount for that Distribution Date and (b) the lesser of (1) the aggregate Certificate Principal Balance of Class A Certificates and Class M Certificates immediately prior to such Distribution Date and (2) the Principal Remittance Amount for that Distribution Date to the extent not applied to make distributions of the Interest Distribution Amount on such Distribution Date and (B) the Overcollateralization Reduction Amount, if any, for that Distribution Date.

Excess Fraud Loss: Not applicable.

Excess Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of (a) the Overcollateralization Amount on such Distribution Date over (b) the Required Overcollateralization Amount.

Excess Special Hazard Loss: Not applicable.

Excess Subordinate Principal Amount: Not applicable.

Expense Fee Rate: With respect to any Mortgage Loan as of any date of determination, the sum of the Servicing Fee Rate and the rate per annum at which the Subservicing Fee accrues.

Final Maturity Date: May 25, 2046, the Distribution Date in the month following the month of the latest scheduled maturity date of any Mortgage Loan.

Gross Margin: With respect to each Mortgage Loan, the fixed percentage set forth in the related Mortgage Note and indicated on the Mortgage Loan Schedule attached hereto as the "NOTE MARGIN," which percentage is added to the related Index on each Adjustment Date to determine (subject to rounding in accordance with the related Mortgage Note, the Periodic Cap, the Maximum Mortgage Rate and the Minimum Mortgage Rate) the interest rate to be borne by such Mortgage Loan until the next Adjustment Date.

Group I Certificates: The Class I-A-1 Certificates and Class I-A-2 Certificates.

Group I Cut-off Date Principal Balance: \$444,776,674.36.

Group I Loans: The Mortgage Loans designated on the Mortgage Loan Schedule as Group I Loans.

Group I Net WAC Cap Rate: With respect to any Distribution Date, a per annum rate equal to the weighted average of the Net Mortgage Rates (or, if applicable, the Modified Net Mortgage Rates) on the Group I Loans using the Net Mortgage Rates in effect for the Monthly Payments due on such Mortgage Loans during the related Due Period, weighted on the basis of the respective Stated Principal Balances thereof for such Distribution Date, multiplied by a fraction equal to 30 divided by the actual number of days in the related Interest Accrual Period.

Group I Net WAC Rate or Group II Net WAC Rate: With respect to any Distribution Date and Loan Group, the weighted average of the Net Mortgage Rates of the Mortgage Loans in the related Loan Group as of the end of the calendar month immediately preceding the month in which such Distribution Date occurs.

Group I Principal Distribution Amount: For any Distribution Date, the product of (x) the Class A Principal Distribution Amount for such Distribution Date and (y) a fraction, the numerator of which is the portion of the Principal Allocation Amount related to the Group I Loans for such Distribution Date and the denominator of which is the Principal Allocation Amount for all of the Mortgage Loans for such Distribution Date.

Group I Subordinate Amount: On any date of determination, the excess of the aggregate Stated Principal Balance of the Group I Loans as of such date over the aggregate Certificate Principal Balance of the Group I Certificates then outstanding.

Group II Certificates: The Class II-A-1, Class II-A-2 and Class II-A-3 Certificates.

Group II Cut-off Date Principal Balance: \$405,250,608.35.

Group II Loans: The Mortgage Loans designated on the Mortgage Loan Schedule as Group II Loans.

Group II Net WAC Cap Rate: With respect to any Distribution Date, a per annum rate equal to the weighted average of the Net Mortgage Rates (or, if applicable, the Modified Net Mortgage Rates) on the Group II Loans using the Net Mortgage Rates in effect for the Monthly Payments due on such Mortgage Loans during the related Due Period, weighted on the basis of the respective Stated Principal Balances thereof for such Distribution Date, multiplied by a fraction equal to 30 divided by the actual number of days in the related Interest Accrual Period.

Group II Principal Distribution Amount: For any Distribution Date, the product of (x) the Class A Principal Distribution Amount for such Distribution Date and (y) a fraction, the numerator of which is the portion of the Principal Allocation Amount related to the Group II Loans for such Distribution Date and the denominator of which is the Principal Allocation Amount for all of the Mortgage Loans for such Distribution Date.

Group II Subordinate Amount: On any date of determination, the excess of the aggregate Stated Principal Balance of the Group II Loans as of such date over the aggregate Certificate Principal Balance of the Group II Certificates then outstanding.

Index: With respect to any Mortgage Loan and as to any Adjustment Date therefor, the related index as stated in the related Mortgage Note.

Initial Subordinate Class Percentage: Not applicable.

Insolvency Proceeding: The commencement, after the date this Agreement, of any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings by or against any Person, the commencement, after the date hereof, of any proceedings by or against any Person for the winding up or liquidation of its affairs, or the consent, after the date hereof, to the appointment of a trustee, conservator, receiver or liquidator in any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings of or relating to any Person.

Insurance Accrual Period: With respect to the calculation of the Insurance Premium and any Distribution Date, the period beginning on and including the prior Distribution Date (or, in the case of the first Distribution Date, the Closing Date) and ending on the day immediately preceding the Distribution Date.

Insurance Premium: With respect to any Distribution Date, an amount equal to the product of (a) the Certificate Principal Balance of the Class I-A-2 Certificates and Class II-A-3 Certificates as of such Distribution Date (prior to giving effect to any distributions thereon on such Distribution Date) and (b) 0.06% per annum, adjusted to a basis of a 360-day year and the actual number of days in the related Insurance Accrual Period.

Insurance Premium Rate: For either Class of Insured Certificates and any Distribution Date (a) the Insurance Premium for such Distribution Date, multiplied by (b) a fraction the numerator of which equals the Certificate Principal Balance of such Class immediately prior to the Distribution Date and the denominator of which equals the aggregate Certificate Principal

Balance of the Insured Certificates immediately prior to such Distribution Date, divided by (c) the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group as of the Due Date in the prior calendar month, multiplied by (d) 12.

Insured Certificateholder: Any holder of an Insured Certificate.

Insured Certificate: Any one of the Class I-A-2 Certificates and Class II-A-3 Certificates.

Insured Payment: With respect to the Insured Certificates, the sum of (a) as of any Distribution Date, any Deficiency Amount, and (b) any Avoided Payment.

Interest Accrual Period: (i) With respect to the Class I-A Certificates and any Distribution Date, the calendar month preceding the month in which such Distribution Date occurs and (ii) with respect to the Class II-A, Class M and Class SB Certificates and any Distribution Date, the period beginning on the prior Distribution Date (or, in the case of the first Distribution Date, the Closing Date) and ending on the day immediately preceding the Distribution Date.

Interest Distribution Amount: For any Distribution Date, the aggregate of the amounts payable pursuant to Section 4.02(c)(i).

Interest Only Certificates: None.

Late Payment Rate: With respect to any Distribution Date, the lesser of (i) the greater of (a) the rate of interest, as it is publicly announced by Citibank, N.A. at its principal office in New York, New York as its prime rate (any change in such prime rate of interest to be effective on the date such change is announced by Citibank, N.A.) plus 2% and (b) the then applicable highest rate of interest on the Class I-A-2 Certificates or Class II-A-3 Certificates, as the case may be, and (ii) as determined by the Certificate Insurer, the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

LIBOR: With respect to any Distribution Date, the arithmetic mean of the London interbank offered rate quotations for one-month U.S. Dollar deposits, expressed on a per annum basis, determined in accordance with Section 1.02.

LIBOR Business Day: Any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions in London, England are required or authorized to by law to be closed.

LIBOR Certificates: The Class II-A Certificates and Class M Certificates.

LIBOR Rate Adjustment Date: With respect to each Distribution Date, the second LIBOR Business Day immediately preceding the commencement of the related Interest Accrual Period.

Liquidation Proceeds: As defined in the Standard Terms but excluding Subsequent Recoveries.

Loan Group: Either Loan Group I or Loan Group II.

Loan Group I: The group of Mortgage Loans comprised of the Group I Loans.

Loan Group II: The group of Mortgage Loans comprised of the Group II Loans.

Margin: The Class I-A-1 Margin, Class I-A-2 Margin, Class II-A-1 Margin, Class II-A-2 Margin, Class II-A-3 Margin, Class M-1 Margin, Class M-2 Margin, Class M-3 Margin, Class M-4 Margin, Class M-5 Margin, Class M-6 Margin, Class M-7 Margin, Class M-8 Margin, Class M-9 Margin or Class M-10 Margin, as applicable.

Marker Rate: With respect to the Class SB Certificates or REMIC III Regular Interest SB-IO and any Distribution Date, in relation to the REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1, a per annum rate equal to two (2) times the weighted average of the Uncertificated REMIC II Pass-Through Rates for REMIC II Regular Interest LT2 and REMIC II Regular Interest LT3. With respect to the Class SB Certificates or REMIC III Regular Interest SB-IO and any Distribution Date, in relation to the REMIC II Regular Interests LT5, LT6, LT7, LT8 and LT-Y2, a per annum rate equal to two (2) times the weighted average of the Uncertificated REMIC II Pass-Through Rates for REMIC II Regular Interest LT6 and REMIC II Regular Interest LT7.

Maturity Date: April 25, 2046, the Distribution Date in the month of the latest scheduled maturity date of any Mortgage Loan.

Maximum Mortgage Rate: As to any Mortgage Loan, the per annum rate indicated in Mortgage Loan Schedule hereto attached hereto as the “NOTE CEILING,” which rate is the maximum interest rate that may be applicable to such Mortgage Loan at any time during the life of such Mortgage Loan.

Maximum Net Mortgage Rate: As to any Mortgage Loan and any date of determination, the Maximum Mortgage Rate minus the Expense Fee Rate.

Mortgage Loan Schedule: The list or lists of the Mortgage Loans attached hereto as Exhibit One, segregated for the group I Loans and the Group II Loans, (and as amended from time to time to reflect the addition of Qualified Substitute Mortgage Loans), which list or lists shall set forth the following information as to each Mortgage Loan:

- (i) the Mortgage Loan identifying number (“RFC LOAN #”);
- (ii) the maturity of the Mortgage Note (“MATURITY DATE”);
- (iii) the Mortgage Rate as of origination (“ORIG RATE”);
- (iv) the Mortgage Rate as of the Cut-off Date (“CURR RATE”);
- (v) the Net Mortgage Rate as of the Cut-off Date (“CURR NET”);

- (vi) the scheduled monthly payment of principal, if any, and interest as of the Cut-off Date (“ORIGINAL P & I” or “CURRENT P & I”);
- (vii) the Cut-off Date Principal Balance (“PRINCIPAL BAL”);
- (viii) the Maximum Mortgage Rate (“NOTE CEILING”);
- (ix) the maximum Net Mortgage Rate (“NET CEILING”);
- (x) the Note Margin (“NOTE MARGIN”);
- (xi) the Note Margin (“NOTE MARGIN”);
- (xii) the Periodic Cap (“PERIODIC DECR” or “PERIODIC INCR”);
- (xiii) the rounding of the semi-annual or annual adjustment to the Mortgage Rate (“NOTE METHOD”);
- (xiv) the Loan-to-Value Ratio at origination (“LTV”);
- (xv) the rate at which the Subservicing Fee accrues (“SUBSERV FEE”) and at which the Servicing Fee accrues (“MSTR SERV FEE”);
- (xvi) a code “T,” “BT” or “CT” under the column “LN FEATURE,” indicating that the Mortgage Loan is secured by a second or vacation residence; and
- (xvii) a code “N” under the column “OCCP CODE,” indicating that the Mortgage Loan is secured by a non-owner occupied residence.

Such schedule may consist of multiple reports that collectively set forth all of the information required.

Mortgage Rate: With respect to any Mortgage Loan, the interest rate borne by the related Mortgage Note, or any modification thereto other than a Servicing Modification. The Mortgage Rate on each Mortgage Loan will adjust on each Adjustment Date to equal the sum (rounded to the nearest multiple of one eighth of one percent (0.125%) or up to the nearest one-eighth of one percent, which are indicated by a “U” on the Mortgage Loan Schedule, except in the case of the Mortgage Loans indicated by an “X” on the Mortgage Loan Schedule under the heading “NOTE METHOD”), of the related Index plus the Note Margin, in each case subject to the applicable Periodic Cap, Maximum Mortgage Rate and Minimum Mortgage Rate.

MTA: With respect to any Distribution Date, the twelve-month moving average monthly yield on United States Treasury securities, expressed on a per annum basis, determined in accordance with Section 1.03.

MTA Determination Date: For each Interest Accrual Period, fifteen days prior to the commencement of that Interest Accrual Period.

Net Deferred Interest: On any Distribution Date, Deferred Interest on the Mortgage Loans during the related Due Period net of Principal Prepayments in full and partial Principal Prepayments included in the Available Distribution Amount for such Distribution Date and available to make principal distributions on the Certificates on that Distribution Date.

For purposes of REMIC I, Net Deferred Interest attributable to Group I Loans shall be allocated to the REMIC I Regular Interest Z-1 and Net Deferred Interest attributable to Group II Loans shall be allocated to the REMIC I Regular Interest Z-2, respectively, in reduction of the portion of the Uncertificated Accrued Interest thereon distributable on the related Distribution Date and shall result in an increase in the principal balance thereof to the extent of such reduction.

For purposes of REMIC II, Net Deferred Interest attributable to Group I Loans shall be allocated to the REMIC II Regular Interest LT1 and Net Deferred Interest attributable to Group II Loans shall be allocated to the REMIC II Regular Interest LT5, respectively, in reduction of the portion of the Uncertificated Accrued Interest thereon distributable on the related Distribution Date and shall result in an increase in the principal balance thereof to the extent of such reduction.

Net Maximum Cap Rate: For any Distribution Date and the Class I-A Certificates, the related Net WAC Cap Rate computed for this purpose by assuming that each related Mortgage Loan accrued interest at its maximum mortgage rate

Net Mortgage Rate: With respect to any Mortgage Loan as of any date of determination, a per annum rate equal to the Mortgage Rate for such Mortgage Loan as of such date minus the related Expense Fee Rate.

Net WAC Cap Rate:

- For any Distribution Date and for the Class I-A-1 Certificates, the Group I Net WAC Rate.
- For any Distribution Date and for the Class I-A-2 Certificates, the Group I Net WAC Rate, minus the Insurance Premium Rate.
- For any Distribution Date and for the Class II-A-1 Certificates and Class II-A-2 Certificates, the Group II Net WAC Rate multiplied by a fraction the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period for such Certificates.
- For any Distribution Date and for the Class II-A-3 Certificates, the Group II Net WAC Rate multiplied by a fraction the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period for such Certificates, minus the Insurance Premium Rate.
- For any Distribution Date and for the Class M Certificates, the weighted average of the Group I Net WAC Rate and the Group II Net WAC Rate, weighted on the

basis of the related Subordinate Amount for each Loan Group, multiplied by a fraction the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period for such Certificates.

Note Margin: With respect to each Mortgage Loan, the fixed percentage set forth in the related Mortgage Note and indicated in Exhibit One hereto as the “NOTE MARGIN,” which percentage is added to the Index on each Adjustment Date to determine (subject to rounding in accordance with the related Mortgage Note, the Periodic Cap, the Maximum Mortgage Rate and the Minimum Mortgage Rate) the interest rate to be borne by such Mortgage Loan until the next Adjustment Date.

Notional Amount: An amount equal to the aggregate Uncertificated Principal Balance of the regular interests in REMIC II.

Offered Certificates: The Class A Certificates and the Class M Certificates.

Optional Termination Date: Any Distribution Date on or after which the aggregate Stated Principal Balance (after giving effect to distributions to be made on such Distribution Date) of the Mortgage Loans is less than 10.00% of the Cut-off Date Principal Balance.

Overcollateralization Amount: With respect to any Distribution Date, the excess, if any, of (a) the aggregate Stated Principal Balance of the Mortgage Loans before giving effect to distributions of principal to be made on such Distribution Date over (b) the aggregate Certificate Principal Balance of the Class A Certificates and Class M Certificates immediately prior to such date.

Overcollateralization Floor: An amount equal to the product of 0.50% and the Cut-off Date Principal Balance.

Overcollateralization Increase Amount: With respect to any Distribution Date, the lesser of (a) Excess Cash Flow for that Distribution Date (to the extent not used to cover the amounts described in clauses (b)(iv)(2), (v) and (vi) of the definition of Principal Distribution Amount as of such Distribution Date) and (b) the excess of (1) the Required Overcollateralization Amount for such Distribution Date over (2) the Overcollateralization Amount for such Distribution Date.

Overcollateralization Reduction Amount: With respect to any Distribution Date on which the Excess Overcollateralization Amount is, after taking into account all other distributions to be made on such Distribution Date, greater than zero, the Overcollateralization Reduction Amount shall be equal to the lesser of (i) the Excess Overcollateralization Amount for that Distribution Date and (ii) the Principal Remittance Amount on such Distribution Date.

Pass-Through Rate:

- With respect to the Class I-A-1 Certificates and Class I-A-2 Certificates, and any Distribution Date, a per annum rate equal to the lesser of (i) MTA plus the related Margin for such Distribution Date and (ii) the related Net WAC Cap Rate for such Distribution Date.

- With respect to the Class II-A-1, Class II-A-2 and Class II-A-3 Certificates, and any Distribution Date, the least of (i) LIBOR plus the related Margin for such Distribution Date, (ii) the related Net WAC Cap Rate for such Distribution Date and (iii) 11.00%.
- With respect to the Class M Certificates, and any Distribution Date, the least of (i) LIBOR plus the applicable Pass-Through Margin, (ii) the weighted average of the Net WAC Rates for the Group I Loans and Group II Loans, weighted on the basis of the related Subordinate Amount (iii) 11.00%.
- With respect to the Class SB Certificates and any Distribution Date or REMIC III Regular Interest SB-IO, a rate per annum equal to the percentage equivalent of a fraction, the numerator of which is the sum of the amounts calculated pursuant to clauses (i) through (viii) below, and the denominator of which is the aggregate principal balance of the REMIC II Regular Interests. For purposes of calculating the Pass-Through Rate for the Class SB Certificates or the REMIC III Regular Interest SB-IO, the numerator is equal to the sum of the following components:
 - (i) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT1 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT1;
 - (ii) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT2 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT2; and
 - (iii) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT4 minus twice the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT4.
 - (iv) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT5 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT5;
 - (v) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT6 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT6;
 - (vi) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT8 minus twice the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT8;
 - (vii) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT-Y1 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT-Y1; and

(viii) the Uncertificated Pass-Through Rate for REMIC II Regular Interest LT-Y2 minus the related Marker Rate, applied to a notional amount equal to the Uncertificated Principal Balance of REMIC II Regular Interest LT-Y2.

Prepayment Assumption: The prepayment assumption to be used for determining the accrual of original issue discount and premium and market discount on the Certificates for federal income tax purposes, which assumes a constant prepayment rate of 25.0% per annum of the then outstanding principal balance of the Mortgage Loans.

Prepayment Charge: With respect to any Mortgage Loan, the charges or premiums, if any, received in connection with a full or partial prepayment of such Mortgage Loan in accordance with the terms thereof.

Prepayment Charge Loan: Any Mortgage Loan for which a Prepayment Charge may be assessed and to which such Prepayment Charge the Class SB Certificates are entitled, as indicated on the Mortgage Loan Schedule.

Principal Allocation Amount: With respect to any Distribution Date, the sum of (a) the Principal Remittance Amount for that Distribution Date, (b) any Realized Losses covered by amounts included in clause (iv) of the definition of Principal Distribution Amount and (c) the aggregate amount of the principal portion of Realized Losses on the Mortgage Loans in the calendar month preceding that Distribution Date, to the extent covered by Excess Cash Flow included in clause (v) of the definition of Principal Distribution Amount; provided, however, that on any Distribution Date on which there is (i) insufficient Subsequent Recoveries to cover all unpaid Realized Losses on the Mortgage Loans described in clause (b) above, in determining the Group I Principal Distribution Amount and the Group II Principal Distribution Amount, Subsequent Recoveries will be allocated to the Class I-A Certificates and Class II-A Certificates, pro rata, based on the principal portion of unpaid Realized Losses from prior Distribution Dates on the Group I Loans and Group II Loans, respectively, and (ii) insufficient Excess Cash Flow to cover all Realized Losses on the Mortgage Loans described in clause (c) above, in determining the Group I Principal Distribution Amount and the Group II Principal Distribution Amount, the Excess Cash Flow remaining after the allocation described in clause (b) or (i) above, as applicable, will be allocated to the Class I-A Certificates and Class II-A Certificates, pro rata, based on the principal portion of Realized Losses incurred during the calendar month preceding that Distribution Date on the Group I Loans and Group II Loans, respectively.

Principal Distribution Amount: With respect to any Distribution Date, the lesser of (a) the excess of (x) Available Distribution Amount over (y) the sum of the Interest Distribution Amount and the amounts reimbursable to the Certificate Insurer pursuant to Section 4.02(c)(i)(B) and (b) the sum of:

(i) the principal portion of each Monthly Payment received or Advanced with respect to the related Due Period on each Outstanding Mortgage Loan;

(ii) the Stated Principal Balance of any Mortgage Loan repurchased during the related Prepayment Period (or deemed to have been so repurchased in accordance with Section 3.07(b)) pursuant to Section 2.02, 2.03, 2.04 or 4.07 and the amount of any shortfall deposited in the

Custodial Account in connection with the substitution of a Deleted Mortgage Loan pursuant to Section 2.03 or 2.04 during the related Prepayment Period;

(iii) the principal portion of all other unscheduled collections, other than Subsequent Recoveries, on the Mortgage Loans received (or deemed to have been so received) during the prior calendar month or, in the case of Principal Prepayments in Full, during the related Prepayment Period, including, without limitation, Curtailments, Insurance Proceeds, Liquidation Proceeds, REO Proceeds and, except to the extent applied to offset Deferred Interest, Principal Prepayments, to the extent applied by the Master Servicer as recoveries of principal pursuant to Section 3.14;

(iv) the lesser of (1) Subsequent Recoveries for such Distribution Date and (2) the principal portion of any Realized Losses allocated to any Class of Class A Certificates or Class M Certificates on a prior Distribution Date and remaining unpaid;

(v) the lesser of (1) the Excess Cash Flow for such Distribution Date (to the extent not used pursuant to clause (iv) of this definition on such Distribution Date) and (2) the principal portion of any Realized Losses incurred (or deemed to have been incurred) on any Mortgage Loans in the calendar month preceding such Distribution Date; and

(vi) the lesser of (a) the Excess Cash Flow for such Distribution Date, to the extent not used pursuant to clauses (iv) and (v) of this definition on such Distribution Date, and (b) the amount of any Overcollateralization Increase Amount for such Distribution Date;

minus

(vii) (A) the amount of any Overcollateralization Reduction Amount for such Distribution Date and (B) the amount of any Capitalization Reimbursement Amount for such Distribution Date.

Principal Only Certificates: None.

Principal Remittance Amount: With respect to any Distribution Date, all amounts described in clauses (b)(i) through (iii) of the definition of Principal Distribution Amount for that Distribution Date.

Record Date: With respect to each Distribution Date and each Class of Book Entry Certificates, the Business Day immediately preceding such Distribution Date. With respect to each Class of Definitive Certificates, the close of business on the last Business Day of the month next preceding the month in which the related Distribution Date occurs, except in the case of the first Record Date which shall be the Closing Date.

Regular Certificates: The Class A, Class M and Class SB Certificates.

Related Group: With respect to the Class I-A Certificates, the Group I Loans. With respect to the Class II-A Certificates, the Group II Loans.

Relief Act: The Servicemembers Civil Relief Act, as amended.

Relief Act Shortfalls: Interest shortfalls on the Mortgage Loans resulting from the Relief Act or similar legislation or regulations.

REMIC I: The segregated pool of assets subject hereto, constituting a portion of the primary trust created hereby and to be administered hereunder, exclusive of the Yield Maintenance Agreement, which is not an asset of any REMIC, with respect to which a separate REMIC election is to be made, consisting of:

- (i) the Mortgage Loans and the related Mortgage Files;
- (ii) all payments on and collections in respect of the Mortgage Loans due after the Cut-off Date (other than Monthly Payments due in the month of the Cut-off Date) as shall be on deposit in the Custodial Account or in the Certificate Account and identified as belonging to the Trust Fund;
- (iii) property which secured a Mortgage Loan and which has been acquired for the benefit of the Certificateholders by foreclosure or deed in lieu of foreclosure;
- (iv) the hazard insurance policies and Primary Insurance Policies pertaining to the Mortgage Loans, if any; and
- (v) all proceeds of clauses (i) through (iv) above.

REMIC I Available Distribution Amount: The Available Distribution Amount.

REMIC I Distribution Amount: For any Distribution Date, the REMIC I Available Distribution Amount shall be distributed to the REMIC I Regular Interests and the Class R-I Certificates in the following amounts and priority:

(a) To the extent of the portion of the REMIC I Available Distribution Amount for related to Loan Group I:

(i) first, to REMIC I Y-1 and REMIC I Z-1 Regular Interests, concurrently, the Uncertificated Accrued Interest for such Regular Interests remaining unpaid from previous Distribution Dates, reduced in the case of the REMIC I Z-1 Regular Interest by any portion thereof representing Net Deferred Interest allocated to such Regular Interest on such previous Distribution Date, pro rata according to their respective shares of such unpaid amounts;

(ii) second, to the REMIC I Y-1 and REMIC I Z-1 Regular Interests, concurrently, the Uncertificated Accrued Interest for such Classes for the current Distribution Date, reduced in the case of the REMIC I Z-1 Regular Interest by any portion thereof representing Net Deferred Interest allocated to such Regular Interest on such Distribution Date, pro rata according to their respective Uncertificated Accrued Interest, as reduced; and

(iii) third, to the REMIC I Y-1 and REMIC I Z-1 Regular Interests, the REMIC I Y-1 Principal Distribution Amount and the REMIC I Z-1 Principal Distribution Amount, respectively.

(b) To the extent of the portion of the REMIC I Available Distribution Amount related to Loan Group II:

(i) first, to the REMIC I Y-2 and REMIC I Z-2 Regular Interests, concurrently, the Uncertificated Accrued Interest for such Classes remaining unpaid from previous Distribution Dates, reduced in the case of the REMIC I Z-2 Regular Interest by any portion thereof representing Net Deferred Interest allocated to such Regular Interest on such previous Distribution Date, pro rata according to their respective shares of such unpaid amounts;

(ii) second, to the REMIC I Y-2 and REMIC I Z-2 Regular Interests, concurrently, the Uncertificated Accrued Interest for such Classes for the current Distribution Date, reduced in the case of the REMIC I Z-2 Regular Interest by any portion thereof representing Net Deferred Interest allocated to such Regular Interest on such Distribution Date, pro rata according to their respective Uncertificated Accrued Interest, as reduced; and

(iii) third, to the REMIC I Y-2 and REMIC I Z-2 Regular Interests, the REMIC I Y-2 Principal Distribution Amount and the REMIC I Z-2 Principal Distribution Amount, respectively.

(c) To the extent of the REMIC I Available Distribution Amounts for Group I and Group II for such Distribution Date remaining after payment of the amounts pursuant to paragraphs (a) and (b) of this definition of "REMIC I Distribution Amount:"

(i) first, to each Class of REMIC I Y and REMIC I Z Regular Interests, pro rata according to the amount of unreimbursed Realized Losses allocable to principal previously allocated to each such Regular Interest, the aggregate amount of any distributions to the Certificates as reimbursement of such Realized Losses on such Distribution Date pursuant to clause (xiii) in Section 4.02(c); provided, however, that any amounts distributed pursuant to this paragraph (c)(i) of this definition of "REMIC I Distribution Amount" shall not cause a reduction in the Uncertificated Principal Balances of any of the REMIC I Y and REMIC I Z Regular Interests; and

(ii) second, to the Class R-I Certificates, any remaining amount.

REMIC I Interests: The REMIC I Regular Interests and the Class R-I Certificates.

REMIC I Y Principal Reduction Amounts: For any Distribution Date the amounts by which the Uncertificated Principal Balances of the REMIC I Y-1 Regular Interest and REMIC I Y-2 Regular Interest respectively will be reduced on such distribution date by the allocation of Realized Losses and the distribution of principal, determined as follows:

First for each of Loan Group I and Loan Group II determine the related Group REMIC Net WAC Cap Rate for distributions of interest that will be made on the next succeeding Distribution Date (the "Group Interest Rate"). The REMIC I Principal Reduction Amount for each of the REMIC I Y Regular Interests will be determined pursuant to the "Generic solution for the REMIC I Y Regular Interests" set forth below (the "Generic Solution") by making the following identifications among the Loan Groups and their related REMIC I Y Regular Interests and REMIC I Z Regular Interests:

A. Determine which Loan Group has the lower Group REMIC Net WAC Cap Rate. That Loan Group will be identified with Loan Group AA and the REMIC I Y Regular Interests and REMIC I Z Regular Interests related to that Loan Group will be respectively identified with the REMIC I YAA and REMIC I ZAA Regular Interests. The Group Interest Rate for that Loan Group will be identified with J%. If the two Loan Groups have the same Group Interest Rate pick one for this purpose, subject to the restriction that each Loan Group may be picked only once in the course of any such selections pursuant to paragraphs A and B of this definition.

B. Determine which Loan Group has the higher Group REMIC Net WAC Cap Rate. That Loan Group will be identified with Loan Group BB and the REMIC I Y Regular Interests and REMIC I Z Regular Interests related to that Group will be respectively identified with the REMIC I YBB and REMIC I ZBB Regular Interests. The Group Interest Rate for that Loan Group will be identified with K%. If the two Loan Groups have the same Group Interest Rate the Loan Group not selected pursuant to paragraph A, above, will be selected for purposes of this paragraph B.

Second, apply the Generic Solution set forth below to determine the REMIC I Y Principal Reduction Amounts for the Distribution Date using the identifications made above.

Generic Solution for the REMIC I Y Principal Reduction Amounts: For any Distribution Date, the amounts by which the Uncertificated Principal Balances of REMIC I YAA and REMIC I ZAA Regular Interests respectively will be reduced on such Distribution Date by the allocation of Realized Losses and the distribution of principal, determined as follows:

J% and K% represent the interest rates on Loan Group AA and Loan Group BB respectively. J%<K%.

For purposes of the succeeding formulas the following symbols shall have the meanings set forth below:

P_{JB} = the Loan Group AA Subordinate Balance after the allocation of Realized Losses and Net Deferred Interest and distributions of principal on such Distribution Date.

P_{KB} = the Loan Group BB Subordinate Balance after the allocation of Realized Losses and Net Deferred Interest and distributions of principal on such Distribution Date.

R = the Class CB Pass Through Rate = $(J\%P_{JB} + K\%P_{KB})/(P_{JB} + P_{KB})$

Y_j = the REMIC I YAA Principal Balance after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_k = the REMIC I YBB Principal Balance after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

ΔY_j = the REMIC I YAA Principal Reduction Amount.

ΔY_k = the REMIC I YBB Principal Reduction Amount.

Z_j = the REMIC I ZAA Principal Balance after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Z_k = the REMIC I ZBB Principal Balance after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

ΔZ_j = the REMIC I ZAA Principal Reduction Amount.

$$= \Delta P_j - \Delta Y_j$$

ΔZ_k = the REMIC I ZBB Principal Reduction Amount.

$$= \Delta P_k - \Delta Y_k$$

P_j = the aggregate Uncertificated Principal Balance of the REMIC I YAA and REMIC I ZAA Regular Interests after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date, which is equal to the aggregate principal balance of the Group AA Loans.

P_k = the aggregate Uncertificated Principal Balance of the REMIC I YBB and REMIC I ZBB Regular Interests after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date, which is equal to the aggregate principal balance of the Loan Group BB Mortgage Loans.

ΔP_j = the aggregate principal reduction resulting on such Distribution Date on the Loan Group AA Mortgage Loans as a result of principal distributions (exclusive of any amounts distributed pursuant to clauses (c)(i) or (c)(ii) of the definition of REMIC I Distribution Amount) to be made and Realized Losses and Net Deferred Interest to be allocated on such Distribution Date, if applicable, which is equal to the aggregate of the REMIC I YAA and REMIC I ZAA Principal Reduction Amounts.

ΔP_k = the aggregate principal reduction resulting on such Distribution Date on the Loan Group BB Mortgage Loans as a result of principal distributions (exclusive of any amounts distributed pursuant to clauses (c)(i) or (c)(ii) of the definition of REMIC I Distribution Amount) to be made and Realized Losses and Net Deferred Interest to be allocated on such Distribution Date, which is equal to the aggregate of the REMIC I YBB and REMIC I ZBB Principal Reduction Amounts.

$$\alpha = .0005$$

$\gamma = (R - J\%)/(K\% - R)$. γ is a non-negative number unless its denominator is zero, in which event it is undefined.

If γ is zero, $\Delta Y_k = Y_k$ and $\Delta Y_j = (Y_j/P_j)\Delta P_j$.

If γ is undefined, $\Delta Y_j = Y_j$, $\Delta Y_k = (Y_k/P_k)\Delta P_k$. if denominator

In the remaining situations, ΔY_k and ΔY_j shall be defined as follows:

1. If $Y_k - \alpha(P_k - \Delta P_k) \geq 0$, $Y_j - \alpha(P_j - \Delta P_j) \geq 0$, and $\gamma(P_j - \Delta P_j) < (P_k - \Delta P_k)$,
 $\Delta Y_k = Y_k - \alpha\gamma(P_j - \Delta P_j)$ and $\Delta Y_j = Y_j - \alpha(P_j - \Delta P_j)$.
2. If $Y_k - \alpha(P_k - \Delta P_k) \geq 0$, $Y_j - \alpha(P_j - \Delta P_j) \geq 0$, and $\gamma(P_j - \Delta P_j) \geq (P_k - \Delta P_k)$,
 $\Delta Y_k = Y_k - \alpha(P_k - \Delta P_k)$ and $\Delta Y_j = Y_j - (\alpha/\gamma)(P_k - \Delta P_k)$.
3. If $Y_k - \alpha(P_k - \Delta P_k) < 0$, $Y_j - \alpha(P_j - \Delta P_j) \geq 0$, and $Y_j - \alpha(P_j - \Delta P_j) \geq Y_j - (Y_k/\gamma)$,
 $\Delta Y_k = Y_k - \alpha\gamma(P_j - \Delta P_j)$ and $\Delta Y_j = Y_j - \alpha(P_j - \Delta P_j)$.
4. If $Y_k - \alpha(P_k - \Delta P_k) < 0$, $Y_j - (Y_k/\gamma) \geq 0$, and $Y_j - \alpha(P_j - \Delta P_j) \leq Y_j - (Y_k/\gamma)$,
 $\Delta Y_k = 0$ and $\Delta Y_j = Y_j - (Y_k/\gamma)$.
5. If $Y_j - \alpha(P_j - \Delta P_j) < 0$, $Y_j - (Y_k/\gamma) < 0$, and $Y_k - \alpha(P_k - \Delta P_k) \leq Y_k - (\gamma Y_j)$,
 $\Delta Y_k = Y_k - (\gamma Y_j)$ and $\Delta Y_j = 0$.
6. If $Y_j - \alpha(P_j - \Delta P_j) < 0$, $Y_k - \alpha(P_k - \Delta P_k) \geq 0$, and $Y_k - \alpha(P_k - \Delta P_k) \geq Y_k - (\gamma Y_j)$,
 $\Delta Y_k = Y_k - \alpha(P_k - \Delta P_k)$ and $\Delta Y_j = Y_j - (\alpha/\gamma)(P_k - \Delta P_k)$.

The purpose of the foregoing definitional provisions together with the related provisions allocating Realized Losses and defining the REMIC I Y and REMIC I Z Principal Distribution Amounts is to accomplish the following goals in the following order of priority:

1. Making the ratio of Y_k to Y_j equal to γ after taking account of the allocation Realized Losses and the distributions that will be made through end of the Distribution Date to which such provisions relate and assuring that the Principal Reduction Amount for each of the REMIC I YAA, REMIC I YBB, REMIC I ZAA and REMIC I ZBB Regular Interests is greater than or equal to zero for such Distribution Date;
2. Making (i) the REMIC I YAA Principal Balance less than or equal to 0.0005 of the sum of the REMIC I YAA and REMIC I ZAA principal balances and (ii) the REMIC I YBB principal balances less than or equal to 0.0005 of the sum of the REMIC I YBB and REMIC I ZBB Principal Balances in each case after giving effect to allocations of Realized Losses and distributions to be made through the end of the Distribution Date to which such provisions relate; and
3. Making the larger of (a) the fraction whose numerator is Y_k and whose denominator is the sum of Y_k and Z_k and (b) the fraction whose numerator is Y_j and whose denominator is the sum of Y_j , and Z_j as large as possible while remaining less than or equal to 0.0005.

In the event of a failure of the foregoing portion of the definition of REMIC I Y Principal Reduction Amount to accomplish both of goals 1 and 2 above, the amounts thereof should be adjusted to so as to accomplish such goals within the requirement that each REMIC I Y Principal Reduction Amount must be less than or equal to the sum of (a) the principal Realized Losses to be allocated on the related Distribution Date for the related Pool and (b) the remainder of the Available Distribution Amount for the related Pool or after reduction thereof by the

distributions to be made on such Distribution in respect of interest on the related REMIC I Y and REMIC I Z Regular Interests, or, if both of such goals cannot be accomplished within such requirement, such adjustment as is necessary shall be made to accomplish goal 1 within such requirement. In the event of any conflict among the provisions of the definition of the REMIC I Y Principal Reduction Amounts, such conflict shall be resolved on the basis of the goals and their priorities set forth above within the requirement set forth in the preceding sentence.

REMIC I Realized Losses: Realized Losses on Group I Loans and Group II Loans shall be allocated to the REMIC I Regular Interests as follows: (1) The interest portion of Realized Losses on Group I Loans, if any, shall be allocated among the REMIC I Y-1 and REMIC I Z-1 Regular Interests pro rata according to the amount of interest accrued but unpaid thereon, in reduction thereof; and (2) the interest portion of Realized Losses on Group II Loans, if any, shall be allocated among the REMIC I Y-2 and REMIC I Z-2 Regular Interests pro rata according to the amount of interest accrued but unpaid thereon, in reduction thereof. Any interest portion of such Realized Losses in excess of the amount allocated pursuant to the preceding sentence shall be treated as a principal portion of Realized Losses not attributable to any specific Mortgage Loan in such Loan Group and allocated pursuant to the succeeding sentences. The principal portion of Realized Losses with respect to Loan Group I and Loan Group II shall be allocated to the REMIC I Regular Interests as follows: (1) The principal portion of Realized Losses on Group I Loans shall be allocated, first, to the REMIC I Y-1 Regular Interest to the extent of the REMIC I Y-1 Principal Reduction Amount in reduction of the Uncertificated Principal Balance of such REMIC I Regular Interest and, second, the remainder, if any, of such principal portion of such Realized Losses shall be allocated to the REMIC I Z-1 Regular Interest in reduction of the Uncertificated Principal Balance thereof; and (2) the principal portion of Realized Losses on Group II Loans shall be allocated, first, to the REMIC I Y-2 Regular Interest to the extent of the REMIC I Y-2 Principal Reduction Amount in reduction of the Uncertificated Principal Balance of such Regular Interest and, second, the remainder, if any, of such principal portion of such Realized Losses shall be allocated to the REMIC I Z-2 Regular Interest in reduction of the Uncertificated Principal Balance thereof.

REMIC I Regular Interests: REMIC I Regular Interest Y-1, Y-2, Z-1 and Z-2.

REMIC I Regular Interest Y-1: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest Y-1 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest Y-1 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest Y-1 on such Distribution Date.

REMIC I Regular Interest Y-2: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest Y-2 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest Y-2 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest Y-2 on such Distribution Date.

REMIC I Regular Interest Z-1: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest Z-1 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest Z-1 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest Z-1 on such Distribution Date.

REMIC I Regular Interest Z-2: A regular interest in REMIC I that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC I Pass-Through Rate, and that has such other terms as are described herein.

REMIC I Regular Interest Z-2 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC I Regular Interest Z-2 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC I Regular Interest Z-2 on such Distribution Date.

REMIC I Z Principal Reduction Amounts: For any Distribution Date, the amounts by which the Uncertificated Principal Balances of the REMIC I Z-1 and REMIC I Z-2 Regular Interests, respectively, will be reduced on such Distribution Date by the allocation of Realized Losses and the distribution of principal, which shall be in each case the excess of (A) the sum of (x) the excess of the REMIC I Available Distribution Amount for the related Loan Group (i.e. the “related Group” for the REMIC I Z-1 Regular Interest is Group I and the “related Loan Group” for the REMIC I Z-2 Regular Interest is Loan Group II) exclusive of any amount in respect of Subsequent Recoveries included therein over the amount thereof distributable in respect of interest on such REMIC I Z Regular Interest and the related REMIC I Y Regular Interest and (iv) to such REMIC I Z Regular Interest and the related REMIC I Y Regular Interest pursuant to the definition of ‘REMIC I Distribution Amount’ and (y) the amount of Realized Losses allocable to principal for the related Loan Group over (B) the REMIC I Y Principal Reduction Amount for the related Loan Group.

REMIC II: The segregated pool of assets subject hereto, constituting a portion of the primary trust created hereby and to be administered hereunder, with respect to which a separate REMIC election is to be made, consisting of the REMIC I Regular Interests.

REMIC II Available Distribution Amount: For any Distribution Date, the amount distributed from REMIC I to REMIC II on such Distribution Date in respect of the REMIC I Regular Interests.

REMIC II Distribution Amount:

(a) On each Distribution Date, the following amounts, in the following order of priority, shall be distributed by REMIC II to REMIC III on account of the REMIC II Regular Interests related to Loan Group I:

(i) to the extent of the portion of the REMIC II Available Distribution Amount related to Group I, to REMIC III as the holder of REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1, pro rata, in an amount equal to (A) their Uncertificated Accrued Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates, in the case of the REMIC II Regular Interest LT1 each such amount having first been reduced by Net Deferred Interest allocated thereto for the related Distribution Date; and

(ii) on each Distribution Date, to REMIC III as the holder of the REMIC II Regular Interests, in an amount equal to the remainder of such portion of the REMIC II Available Distribution Amount after the distributions made pursuant to clause (i) above, allocated as follows (except as provided below):

(A) in respect of the REMIC II Regular Interests LT2, LT3, LT4 and LT-Y1, their respective Principal Distribution Amounts;

(B) in respect of the REMIC II Regular Interest LT1 any remainder until the Uncertificated Principal Balance thereof is reduced to zero;

(C) any remainder in respect of the REMIC II Regular Interests LT2, LT3 and LT4, pro rata according to their respective Uncertificated Principal Balances as reduced by the distributions deemed made pursuant to (A) above, until their respective Uncertificated Principal Balances are reduced to zero; and

(D) any remaining amounts to the Holders of the Class R-II Certificates.

(b) On each Distribution Date, the following amounts, in the following order of priority, shall be distributed by REMIC II to REMIC III on account of the REMIC II Regular Interests related to Loan Group II:

(i) to the extent of the portion of the REMIC II Available Distribution Amount related to Group II, to REMIC III as the holder of REMIC II Regular Interests LT5, LT6, LT7, LT8 and LT-Y2, pro rata, in an amount equal to (A) their Uncertificated Accrued Interest for such Distribution Date, plus (B) any amounts in respect thereof remaining unpaid from previous Distribution Dates, in the case of the REMIC II Regular Interest LT5 each such amount having first been reduced by Net Deferred Interest allocated thereto for the related Distribution Date; and

(ii) on each Distribution Date, to REMIC III as the holder of the REMIC II Regular Interests, in an amount equal to the remainder of such portion of the REMIC II Available Distribution Amount after the distributions made pursuant to clause (i) above, allocated as follows (except as provided below):

(A) in respect of the REMIC II Regular Interests LT6, LT7, LT8 and LT-Y2, their respective Principal Distribution Amounts;

(B) in respect of the REMIC II Regular Interest LT5 any remainder until the Uncertificated Principal Balance thereof is reduced to zero;

(C) any remainder in respect of the REMIC II Regular Interests LT6, LT7 and LT8, pro rata according to their respective Uncertificated Principal Balances as reduced by the distributions deemed made pursuant to (A) above, until their respective Uncertificated Principal Balances are reduced to zero; and

(D) any remaining amounts to the Holders of the Class R-II Certificates.

REMIC II Principal Reduction Amounts: For any Distribution Date, the amounts by which the principal balances of the REMIC II Regular Interests LT1, LT2, LT3, LT4, LT5, LT6, LT7, LT8, LT-Y1 and LT-Y2, respectively, will be reduced on such Distribution Date by the allocation of Realized Losses and the distribution of principal, determined as follows:

For purposes of the succeeding formulas the following symbols shall have the meanings set forth below:

Y_1 = the aggregate principal balance of the REMIC II Regular Interests LT1 and LT-Y1 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_2 = the principal balance of the REMIC II Regular Interest LT2 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_3 = the principal balance of the REMIC II Regular Interest LT3 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_4 = the principal balance of the REMIC II Regular Interest LT4 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date (note: $Y_3 = Y_4$).

ΔY_1 = the combined REMIC II Regular Interest LT1 and LT-Y1 Principal Reduction Amount. Such amount shall be allocated first to LT-Y1 up to the Class Y1 Principal Reduction Amount and thereafter the remainder shall be allocated to LT1.

ΔY_2 = the REMIC II Regular Interest LT2 Principal Reduction Amount.

ΔY_3 = the REMIC II Regular Interest LT3 Principal Reduction Amount.

ΔY_4 = the REMIC II Regular Interest LT4 Principal Reduction Amount.

P_0 = the aggregate principal balance of the REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

P_1 = the aggregate principal balance of the REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1 after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date.

$\Delta P = P_0 - P_1$ = the aggregate of the REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1 Principal Reduction Amounts.

= the aggregate of the principal portions of Realized Losses and Net Deferred Interest to be allocated to, and the principal distributions to be made on, the Group I Certificates on such Distribution Date (including distributions of accrued and unpaid interest on the Class SB Certificates for prior Distribution Dates).

R_0 = the Group I Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts distributed and Realized Losses and Net Deferred Interest allocated on the prior Distribution Date.

R_1 = the Group I Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts to be distributed and Realized Losses and Net Deferred Interest to be allocated on such Distribution Date.

$\alpha = (Y_2 + Y_3)/P_0$. The initial value of α on the Closing Date for use on the first Distribution Date shall be 0.0001.

γ_0 = the lesser of (A) the sum of (1) for all Classes of Class A-I Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Group I Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on such Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date, (2) for all Classes of Class M Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Class M Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on such Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class multiplied by a fraction whose numerator is the principal balance of the REMIC I Regular Interest Y-1 and whose denominator is the sum of the principal balances of the REMIC I Regular Interests Y-1 and Y-2 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date and (3) the amount, if any, by which the sum of the amounts in clauses (A)(1) and (2) of the definition of Γ_0 exceeds $S_0 * Q_0$ and (B) $R_0 * P_0$.

γ_1 = the lesser of (A) the sum of (1) for all Classes of Class A-I Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Group I Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on the next succeeding Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date, (2) for all Classes of Class M Certificates of the product for each Class of (i)

the monthly interest rate (as limited by the Class M Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on the next succeeding Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class multiplied by a fraction whose numerator is the principal balance of the REMIC I Regular Interest Y-1 and whose denominator is the sum of the principal balances of the REMIC I Regular Interests Y-1 and Y-2 after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date and (3) the amount, if any, by which the sum of the amounts in clauses (A)(1) and (2) of the definition of Γ_1 exceeds $S_1 * Q_1$ and (B) $R_1 * P_1$.

Then, based on the foregoing definitions:

$$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4;$$

$$\Delta Y_2 = (\alpha/2)\{(\gamma_0 R_1 - \gamma_1 R_0)/R_0 R_1\};$$

$$\Delta Y_3 = \alpha \Delta P - \Delta Y_2; \text{ and}$$

$$\Delta Y_4 = \Delta Y_3.$$

if both ΔY_2 and ΔY_3 , as so determined, are non-negative numbers. Otherwise:

(1) If ΔY_2 , as so determined, is negative, then

$$\Delta Y_2 = 0;$$

$$\Delta Y_3 = \alpha\{\gamma_1 R_0 P_0 - \gamma_0 R_1 P_1\}/\{\gamma_1 R_0\};$$

$$\Delta Y_4 = \Delta Y_3; \text{ and}$$

$$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4.$$

(2) If ΔY_3 , as so determined, is negative, then

$$\Delta Y_3 = 0;$$

$$\Delta Y_2 = \alpha\{\gamma_0 R_1 P_1 - \gamma_1 R_0 P_0\}/\{2R_1 R_0 P_1 - \gamma_1 R_0\};$$

$$\Delta Y_4 = \Delta Y_3; \text{ and}$$

$$\Delta Y_1 = \Delta P - \Delta Y_2 - \Delta Y_3 - \Delta Y_4.$$

For purposes of the succeeding formulas the following symbols shall have the meanings set forth below:

Y_5 = the aggregate principal balance of the REMIC II Regular Interests LT5 and LT-Y2 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_6 = the principal balance of the REMIC II Regular Interest LT6 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_7 = the principal balance of the REMIC II Regular Interest LT7 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Y_8 = the principal balance of the REMIC II Regular Interest LT8 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date (note: $Y_7 = Y_8$).

ΔY_5 = the aggregate of the REMIC II Regular Interest LT5 and LT-Y2 Principal Reduction Amounts. Such amount shall be allocated first to LT-Y2 up to the Class Y2 Principal Reduction Amount and thereafter the remainder shall be allocated to LT5.

ΔY_6 = the REMIC II Regular Interest LT6 Principal Reduction Amount.

ΔY_7 = the REMIC II Regular Interest LT7 Principal Reduction Amount.

ΔY_8 = the REMIC II Regular Interest LT8 Principal Reduction Amount.

Q_0 = the aggregate principal balance of the REMIC II Regular Interests LT5, LT6, LT7, LT8 and LT-Y2 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date.

Q_1 = the aggregate principal balance of the REMIC II Regular Interests LT5, LT6, LT7, LT8, LT-Y1 and LT-Y2 after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date.

$\Delta Q = Q_0 - Q_1$ = the aggregate of the REMIC II Regular Interests LT5, LT6, LT7, LT8 and LT-Y2 Principal Reduction Amounts.

= the aggregate of the principal portions of Realized Losses and Net Deferred Interest to be allocated to, and the principal distributions to be made on, the Group II Certificates on such Distribution Date (including distributions of accrued and unpaid interest on the Class SB Certificates for prior Distribution Dates).

S_0 = the Group II Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts distributed and Realized Losses and Net Deferred Interest allocated on the prior Distribution Date.

S_1 = the Group II Net WAC Cap Rate (stated as a monthly rate) after giving effect to amounts to be distributed and Realized Losses and Net Deferred Interest to be allocated on such Distribution Date.

$\beta = (Y_6 + Y_7)/Q_0$. The initial value of β on the Closing Date for use on the first Distribution Date shall be 0.0001.

Γ_0 = the lesser of (A) the sum of (1) for all Classes of Class A-II Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Group II Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on such Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date, (2) for all Classes of Class M Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Class M Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on such Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class multiplied by a fraction whose numerator is the principal balance of the REMIC I Regular Interest Y-2 and whose denominator is the sum of the principal balances of the REMIC I Regular Interests Y-1 and Y-2 after distributions and the allocation of Realized Losses and Net Deferred Interest on the prior Distribution Date and (3) the amount, if any, by which the sum of the amounts in clauses (A)(1) and (2) of the definition of γ_0 exceeds $R_0 * P_0$ and (B) $S_0 * Q_0$.

Γ_1 = the lesser of (A) the sum of (1) for all Classes of Class A-II Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Group II Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on the next succeeding Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date, (2) for all Classes of Class M Certificates of the product for each Class of (i) the monthly interest rate (as limited by the Class M Net WAC Cap Rate, if applicable) for such Class applicable for distributions to be made on the next succeeding Distribution Date and (ii) the aggregate Certificate Principal Balance for such Class multiplied by a fraction whose numerator is the principal balance of the REMIC I Regular Interest Y-2 and whose denominator is the sum of the principal balances of the REMIC I Regular Interests Y-1 and Y-2 after distributions and the allocation of Realized Losses and Net Deferred Interest to be made on such Distribution Date and (3) the amount, if any, by which the sum of the amounts in clauses (A)(1) and (2) of the definition of γ_1 exceeds $R_1 * P_1$ and (B) $S_1 * Q_1$.

Then, based on the foregoing definitions:

$$\Delta Y_5 = \Delta Q - \Delta Y_6 - \Delta Y_7 - \Delta Y_8;$$

$$\Delta Y_6 = (\beta/2)\{(\Gamma_0 S_1 - \Gamma_1 S_0)/S_0 S_1\};$$

$$\Delta Y_7 = \beta \Delta Q - \Delta Y_6; \text{ and}$$

$$\Delta Y_8 = \Delta Y_7.$$

if both ΔY_6 and ΔY_7 , as so determined, are non-negative numbers. Otherwise:

(1) If ΔY_6 , as so determined, is negative, then

$$\Delta Y_6 = 0;$$

$$\Delta Y_7 = \beta\{\Gamma_1 S_0 Q_0 - \Gamma_0 S_1 Q_1\}/\{\Gamma_1 S_0\};$$

$\Delta Y_8 = \Delta Y_7$; and

$\Delta Y_5 = \Delta Q - \Delta Y_6 - \Delta Y_7 - \Delta Y_8$.

(2) If ΔY_7 , as so determined, is negative, then

$\Delta Y_7 = 0$;

$\Delta Y_6 = \beta \{ \Gamma_0 S_1 Q_1 - \Gamma_1 S_0 Q_0 \} / \{ 2 S_1 S_0 Q_1 - \Gamma_1 S_0 \}$;

$\Delta Y_8 = \Delta Y_7$; and

$\Delta Y_5 = \Delta Q - \Delta Y_6 - \Delta Y_7 - \Delta Y_8$.

REMIC II Realized Losses: Realized Losses on Group I Loans and Group II Loans shall be allocated to the REMIC II Regular Interests as follows: (1) The interest portion of Realized Losses on Group I Loans, if any, shall be allocated among the LT1, LT2, LT4 and LT-Y1 REMIC II Regular Interests pro rata according to the amount of interest accrued but unpaid thereon, in reduction thereof; and (2) the interest portion of Realized Losses on Group II Loans, if any, shall be allocated among the LT5, LT6, LT8 and LT-Y2 REMIC II Regular Interests pro rata according to the amount of interest accrued but unpaid thereon, in reduction thereof. Any interest portion of such Realized Losses in excess of the amount allocated pursuant to the preceding sentence shall be treated as a principal portion of Realized Losses not attributable to any specific Mortgage Loan in such Loan Group and allocated pursuant to the succeeding sentences. The principal portion of Realized Losses with respect to Loan Group I and Loan Group II shall be allocated to the REMIC I Regular Interests as follows: (1) The principal portion of Realized Losses on Group I Loans shall be allocated, first, to the LT-Y1 REMIC II Regular Interest to the extent that such losses were allocated to the Y-1 REMIC I Regular Interest in reduction of the Uncertificated Principal Balance thereof, second, to the LT 2, LT3 and LT4 REMIC II Regular Interests pro-rata according to their respective REMIC II Principal Reduction Amounts to the extent thereof in reduction of the Uncertificated Principal Balance of such REMIC II Regular Interests and, third, the remainder, if any, of such principal portion of such Realized Losses shall be allocated to the LT1 REMIC II Regular Interest in reduction of the Uncertificated Principal Balance thereof; and (2) the principal portion of Realized Losses on Group II Loans shall be allocated, first, to the LT-Y2 REMIC II Regular Interest to the extent that such losses were allocated to the Y-2 REMIC I Regular Interest in reduction of the Uncertificated Principal Balance thereof, second, to the LT 6, LT7 and LT8 REMIC II Regular Interests pro-rata according to their respective REMIC II Principal Reduction Amounts to the extent thereof in reduction of the Uncertificated Principal Balance of such REMIC II Regular Interests and, third, the remainder, if any, of such principal portion of such Realized Losses shall be allocated to the LT5 REMIC II Regular Interest in reduction of the Uncertificated Principal Balance thereof.

REMIC II Regular Interests: REMIC II Regular Interest LT1, REMIC II Regular Interest LT2, REMIC II Regular Interest LT3, REMIC II Regular Interest LT4, REMIC II Regular Interest LT5, REMIC II Regular Interest LT6, REMIC II Regular Interest LT7, REMIC II Regular Interest LT8, REMIC II Regular Interest LT-Y1 and REMIC II Regular Interest LT-Y2.

REMIC II Regular Interest LT1: A regular interest in REMIC II that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT1 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT1 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT1 on such Distribution Date.

REMIC II Regular Interest LT2: A regular interest in REMIC II that is held as an asset of REMIC II, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT2 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT2 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT2 on such Distribution Date.

REMIC II Regular Interest LT3: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT3 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT3 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT3 on such Distribution Date.

REMIC II Regular Interest LT4: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT4 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT4 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT4 on such Distribution Date.

REMIC II Regular Interest LT5: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT5 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT5 Principal Reduction Amount for

such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT5 on such Distribution Date.

REMIC II Regular Interest LT6: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT6 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT6 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT6 on such Distribution Date.

REMIC II Regular Interest LT7: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT7 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT7 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT7 on such Distribution Date.

REMIC II Regular Interest LT8: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT8 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT8 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT8 on such Distribution Date.

REMIC II Regular Interest LT-Y1: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT-Y1 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT-Y1 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT-Y1 on such Distribution Date.

REMIC II Regular Interest LT-Y2: A regular interest in REMIC II that is held as an asset of REMIC III, that has an initial principal balance equal to the related Uncertificated Principal Balance, that bears interest at the related Uncertificated REMIC II Pass-Through Rate, and that has such other terms as are described herein.

REMIC II Regular Interest LT-Y2 Principal Distribution Amount: For any Distribution Date, the excess, if any, of the REMIC II Regular Interest LT-Y2 Principal Reduction Amount for such Distribution Date over the Realized Losses allocated to the REMIC II Regular Interest LT-Y2 on such Distribution Date.

REMIC III: The segregated pool of assets subject hereto, constituting a portion of the primary trust created hereby and to be administered hereunder, with respect to which a separate REMIC election is to be made, consisting of the REMIC II Regular Interests.

REMIC III Regular Interest SB-PO: A separate non-certificated beneficial ownership interests in REMIC III issued hereunder and designated as a Regular Interest in REMIC III. REMIC III Regular Interest SB-PO shall have no entitlement to interest, and shall be entitled to distributions of principal subject to the terms and conditions hereof, in aggregate amount equal to the initial Certificate Principal Balance of the Class SB Certificates as set forth in the Preliminary Statement hereto.

REMIC III Regular Interest SB-IO: A separate non-certificated beneficial ownership interests in REMIC III issued hereunder and designated as a Regular Interest in REMIC III. REMIC III Regular Interest SB-IO shall have no entitlement to principal, and shall be entitled to distributions of interest subject to the terms and conditions hereof, in aggregate amount equal to the interest distributable with respect to the Class SB Certificates pursuant to the terms and conditions hereof.

REMIC III Regular Interests: REMIC III Regular Interests SB-IO and SB-PO, together with the Class A Certificates and Class M Certificates.

Required Overcollateralization Amount: With respect to any Distribution Date (i) prior to the Stepdown Date, an amount equal to 0.80% of the aggregate Cut-off Date Principal Balance; (ii) on or after the Stepdown Date but prior to the Distribution Date in May 2012, provided a Trigger Event is not in effect, the greater of (x) 2.00% of the outstanding aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions made on that Distribution Date and (y) the Overcollateralization Floor; (iii) on or after the Stepdown Date and on or after the Distribution Date in May 2012, provided a Trigger Event is not in effect, the greater of (x) 1.60% of the outstanding aggregate Stated Principal Balance of the Mortgage Loans after giving effect to distributions made on that Distribution Date and (y) the Overcollateralization Floor; and (iv) on or after the Stepdown Date if a Trigger Event is in effect, the Required Overcollateralization Amount for the immediately preceding Distribution Date; provided that the Required Overcollateralization Amount may be reduced so long as written confirmation is obtained from each rating agency that the reduction will not reduce the ratings assigned to the Class A Certificates and Class M Certificates (without regard to the Certificate Policy) by that rating agency below the lower of the then-current ratings or the ratings assigned to those certificates as of the closing date by that rating agency.

Reserve Fund: The separate trust account created and maintained by the Trustee pursuant to Section 4.09 hereof.

Senior Certificate: Any one of the Class A Certificates.

Senior Enhancement Percentage: With respect to any Distribution Date, the percentage obtained by dividing (x) the sum of (i) the aggregate Certificate Principal Balance of the Class M Certificates and (ii) the Overcollateralization Amount, in each case prior to the distribution of the Principal Distribution Amount on such Distribution Date, by (y) the aggregated Stated Principal Balance of the Mortgage Loans after giving effect to distributions to be made on that Distribution Date.

Senior Percentage: With respect to each Loan Group and any Distribution Date, the percentage equal to the lesser of (x) the aggregate Certificate Principal Balances of the related Class A Certificates immediately prior to such Distribution Date divided by the aggregate Stated Principal Balance of the Mortgage Loans in such Loan Group immediately prior to such Distribution Date and (y) 100%.

Sixty-Plus Delinquency Percentage: With respect to any Distribution Date on or after the Stepdown Date, the arithmetic average, for each of the three consecutive Distribution Dates ending with such Distribution Date, of the fraction, expressed as a percentage, equal to (x) the aggregate Stated Principal Balance of the Mortgage Loans that are 60 or more days delinquent in payment of principal and interest for the applicable Due Date preceding that Distribution Date, including Mortgage Loans in foreclosure, REO Properties and Mortgage Loans in bankruptcy over (y) the aggregate Stated Principal Balance of all of the Mortgage Loans immediately preceding that Distribution Date.

Stated Principal Balance: With respect to any Mortgage Loan or related REO Property, as of any date of determination, (i) the sum of (a) the Cut-off Date Principal Balance of the Mortgage Loan plus (b) any amount by which the Stated Principal Balance of the Mortgage Loan has been increased pursuant to a Servicing Modification and (c) any amount by which the Stated Principal Balance of the Mortgage Loan has been increased for Deferred Interest pursuant to the terms of the related Mortgage Note on or prior to the Distribution Date, minus (ii) the sum of (a) the principal portion of the Monthly Payments due with respect to such Mortgage Loan or REO Property during each Due Period commencing with the first Due Period after the Cut-off Date and ending with the Due Period relating to the most recent Distribution Date which were received or with respect to which an Advance was made, (b) all Principal Prepayments with respect to such Mortgage Loan or REO Property, and all Insurance Proceeds, Liquidation Proceeds and REO Proceeds, to the extent applied by the Master Servicer as recoveries of principal in accordance with Section 3.14 with respect to such Mortgage Loan or REO Property, in each case which were distributed pursuant to Section 4.02 on any previous Distribution Date, and (c) any Realized Loss incurred with respect to such Mortgage Loan allocated to Certificateholders with respect thereto for any previous Distribution Date.

Stepdown Date: The earlier to occur of (1) the Distribution Date following the Distribution Date on which the aggregate Certificate Principal Balance of the Class A Certificates has been reduced to zero and (2) the later to occur of (x) the Distribution Date in May 2009 and (y) the first Distribution Date on which the Senior Enhancement Percentage is greater than or equal to (a) on any Distribution Date prior to the Distribution Date in May 2012, 20.00% and (b) on any Distribution Date on or after the Distribution Date in May 2012, 16.00%.

Subordinate Amount: With respect to (i) Loan Group I, the Group I Subordinate Amount, and (ii) Loan Group II, the Group II Subordinate Amount.

Subordination Percentage: With respect to each Class of Class A Certificates and Class M Certificates, the respective approximate percentage set forth in the table below:

Class	Percentage (1)	Percentage (2)
A	80.000%	84.000%
M-1	85.625%	88.500%
M-2	88.000%	90.400%
M-3	89.250%	91.400%
M-4	90.500%	92.400%
M-5	91.750%	93.400%
M-6	93.000%	94.400%
M-7	94.250%	95.400%
M-8	95.500%	96.400%
M-9	96.750%	97.400%
M-10	98.000%	98.400%

- (1) For any Distribution Date prior to the Distribution Date in May 2012.
- (2) For any Distribution Date in May 2012 or thereafter.

Subsequent Recovery Allocation Amount: With respect to a Loan Group, that portion of the Principal Allocation Amount in respect of that Loan Group attributable to the amounts described in clause (iv) of the definition of Principal Distribution Amount.

Trigger Event: A Trigger Event is in effect with respect to any Distribution Date on or after the Stepdown Date if (a) the Certificate Insurer pays a Certificate Insurance Payment under the Certificate Policy, (b) the Sixty-Plus Delinquency Percentage, as determined on that Distribution Date, exceeds 35.00%, if prior to the Distribution Date in May 2012, or 40.00%, if on or after the Distribution Date in May 2012, of the Senior Enhancement Percentage for that Distribution Date or (c) the aggregate amount of Realized Losses on the Mortgage Loans as a percentage of the Cut-off Date Principal Balance exceeds the applicable amount set forth below:

- May 2008 to April 2009: 0.200% with respect to May 2008, plus an additional 1/12th of 0.250% for each month through April 2009.
- May 2009 to April 2010: 0.450% with respect to May 2009, plus an additional 1/12th of 0.350% for each month through April 2010.

- May 2010 to April 2011: 0.800% with respect to May 2010, plus an additional 1/12th of 0.350% for each month through April 2011.
- May 2011 to April 2012: 1.150% with respect to May 2011, plus an additional 1/12th of 0.400% for each month through April 2012.
- May 2012 to April 2013: 1.550% with respect to May 2012, plus an additional 1/12th of 0.150% for each month through April 2013.
- May 2013 and thereafter: 1.700%.

2006-QO4 REMIC: Either of REMIC I or REMIC II, as the case may be.

Uncertificated Accrued Interest: With respect to any Uncertificated Regular Interest for any Distribution Date, one month's interest at the related Uncertificated Pass-Through Rate for such Distribution Date, accrued on the Uncertificated Principal Balance or Uncertificated Notional Amount, as applicable, immediately prior to such Distribution Date. Uncertificated Accrued Interest for the Uncertificated Regular Interests shall accrue on the basis of a 360-day year consisting of twelve 30-day months. For purposes of calculating the amount of Uncertificated Accrued Interest for the REMIC I Regular Interests for any Distribution Date, any Prepayment Interest Shortfalls and Relief Act Shortfalls (to the extent not covered by Compensating Interest) (i) relating to the Loan Group I Loans for any Distribution Date shall be allocated among REMIC I Regular Interests Y-1 and Z-1 and (ii) relating to the Loan Group II Loans shall be allocated among the REMIC I Regular Interests Y-2 and Z-2, pro rata, based on, and to the extent of, Uncertificated Accrued Interest, as calculated without application of this sentence. For purposes of calculating the amount of Uncertificated Accrued Interest for the REMIC II Regular Interest for any Distribution Date, any Prepayment Interest Shortfalls and Relief Act Shortfalls (to the extent not covered by Compensating Interest) (i) relating to the Loan Group I Loans for any Distribution Date shall be allocated among REMIC II Regular Interests LT1, LT2, LT3, LT4 and LT-Y1 and (ii) relating to the Loan Group II Loans for any Distribution Date shall be allocated among REMIC II Regular Interests LT5, LT6, LT7, LT8 and LT-Y2, pro rata, based on, and to the extent of, Uncertificated Accrued Interest, as calculated without application of this sentence. Uncertificated Interest on REMIC III Regular Interest SB-PO shall be zero. Uncertificated Interest on the REMIC III Regular Interest SB-IO for each Distribution Date shall equal Accrued Certificate Interest for the Class SB Certificates.

Uncertificated Notional Amount: With respect to REMIC III Regular Interest SB-IO, the Notional Amount for such Class.

Uncertificated Pass-Through Rate: The Uncertificated REMIC I Pass-Through Rate or the Uncertificated REMIC II Pass-Through Rate, as applicable.

Uncertificated Principal Balance: The principal amount of any Uncertificated Regular Interest outstanding as of any date of determination. The Uncertificated Principal Balance of each REMIC Regular Interest shall never be less than zero. With respect to the REMIC III Regular Interest SB-PO the initial amount set forth with respect thereto in the Preliminary

Statement as reduced by distributions deemed made in respect thereof pursuant to Section 4.02 and Realized Losses allocated thereto pursuant to Section 4.05.

Uncertificated Regular Interests: The REMIC I Regular Interests and the REMIC II Regular Interests.

Uncertificated REMIC I Pass-Through Rate: With respect to any Distribution Date, the REMIC I Regular Interest Y-1 and the REMIC I Regular Interest Z-1, the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group I. With respect to any Distribution Date the REMIC I Regular Interest Y-2 and the REMIC I Regular Interest Z-2, the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group II.

Uncertificated REMIC II Pass-Through Rate: With respect to any Distribution Date and (i) REMIC II Regular Interests LT1, LT2 and LT-Y1, the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group I, (ii) REMIC II Regular Interests LT5, LT6 and LT-Y2, the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group II, (iii) REMIC II Regular Interests LT3 and LT7, zero (0.00%), (iv) REMIC II Regular Interest LT4, twice the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group I and (v) REMIC II Regular Interest LT8, twice the weighted average of the Net Mortgage Rates of the Mortgage Loans in Loan Group II.

Underwriter: Greenwich Capital Markets, Inc.

Section 1.02. Determination of LIBOR.

LIBOR applicable to the calculation of the Pass-Through Rate on the LIBOR Certificates for any Interest Accrual Period will be determined as of each LIBOR Rate Adjustment Date. On each LIBOR Rate Adjustment Date, or if such LIBOR Rate Adjustment Date is not a Business Day, then on the next succeeding Business Day, LIBOR shall be established by the Trustee and, as to any Interest Accrual Period, will equal the rate for one month United States dollar deposits that appears on the Dow Jones Telerate Screen Page 3750 as of 11:00 a.m., London time, on such LIBOR Rate Adjustment Date. "Dow Jones Telerate Screen Page 3750" means the display designated as page 3750 on the Telerate Service (or such other page as may replace page 3750 on that service for the purpose of displaying London interbank offered rates of major banks). If such rate does not appear on such page (or such other page as may replace that page on that service, or if such service is no longer offered, LIBOR shall be so established by use of such other service for displaying LIBOR or comparable rates as may be selected by the Trustee after consultation with the Master Servicer), the rate will be the Reference Bank Rate. The "Reference Bank Rate" will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the reference banks (which shall be any three major banks that are engaged in transactions in the London interbank market, selected by the Trustee after consultation with the Master Servicer) as of 11:00 a.m., London time, on the LIBOR Rate Adjustment Date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the LIBOR Certificates then outstanding. The Trustee will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate will be the arithmetic mean of the quotations rounded up to the next multiple of 1/16%.